



AGENDA
RIO DELL PLANNING COMMISSION
REGULAR MEETING
TUESDAY, JUNE 26, 2018 – 6:30 P.M.
CITY HALL COUNCIL CHAMBERS
675 WILDWOOD AVENUE, RIO DELL

WELCOME.....*By your presence in the City Council Chambers, you are participating in the process of representative government. Copies of this agenda, staff reports and other material available to the Commission are available at the City Clerk's office in City Hall, 675 Wildwood Avenue. Your City Government welcomes your interest and hopes you will attend and participate in Rio Dell Planning Commission meetings often.*

A. CALL TO ORDER

B. ROLL CALL

C. PLEDGE OF ALLEGIANCE

D. CEREMONIAL MATTERS

E. CONSENT CALENDAR

- 1) 2018/0626.01 - Approve Minutes of the May 22, 2018 Regular Meeting **(ACTION)**

F. PUBLIC PRESENTATIONS

This time is for persons who wish to address the Commission on any matter not on this agenda and over which the Commission has jurisdiction. As such, a dialogue with the Commission or staff is not intended. Items requiring Commission action not listed on this agenda may be placed on the next regular agenda for consideration if the Commission directs, unless a finding is made by at least 2/3rds of the Commission that the item came up after the agenda was posted and is of an urgency nature requiring immediate action. Please limit comments to a maximum of 3 minutes.

G. SCHEDULED MATTERS/PUBLIC HEARINGS/STUDY SESSIONS

- 1) 2018/0626.02 - Adopt Resolution No. PC 128-2018 Approving the Conditional Use Permit (CUP) for Humboldt Brand for Cannabis Related Activities
Subject to Conditions of Approval - File No. 205-111-022 - Case
No. CCLUO-CUP 18-04 **(ACTION)**

H. STAFF COMMUNICATIONS

I. ADJOURNMENT



In compliance with the American with Disabilities Act (ADA), if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at (707) 764-3532. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to the meeting.

***The next Regular Planning Commission meeting is scheduled for
Tuesday, July 24, 2018 at 6:30 p.m.***

**RIO DELL PLANNING COMMISSION
MINUTES
MAY 22, 2018**

Commissioner Woodall called the regular meeting of the Rio Dell Planning Commission to order at 6:30 p.m.

Present were Commissioners Strahan, Woodall and Planning Commission Alternate Richter. Absent were Commissioners Angeloff, Kemp and Marks (Commissioner Marks arrived at 6:40 p.m.)

Others present were Community Development Director Caldwell and City Clerk Dunham

CONSENT CALENDAR

Commissioner Richter removed the minutes of April 24, 2018 for separate discussion.

Motion was made by Strahan/Richter to approve the consent calendar including adoption of Resolution No. PC 124-2018 approving Wendt Construction Lot Line Adjustment, and adoption of Resolution No. PC 127-2018 approving a Minor Subdivision for Rio Dell Holdings. Motion carried 3-0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

Approve Minutes of the April 24, 2018 Regular Meeting

Commissioner Richter identified an error in the minutes and said the first two (2) lines on the top of page 6 were repeated on the top of page 7.

Motion was made by Strahan/Richter to approve the minutes of the April 24, 2018 regular meeting as corrected. Motion carried 3-0.

PUBLIC PRESENTATIONS

None

SCHEDULED MATTERS/PUBLIC HEARINGS/STUDY SESSIONS

Resolution No. PC-125-2018 Approving the Design Review Conditional Use Permit for Mountain Investments - Rio Dell Holdings Subject to the Recommended Conditions of Approval - File No. 205-111-040, Case No. DR-CUP 18-02

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Community Development Director Caldwell reviewed the staff report recommending approval of an application for a Design Review Conditional Use Permit for three (3) 2-story buildings. He noted that two buildings will be 19,200 square feet and one will be 12,000 square feet. He noted that the applicants are also requesting approval of temporary facilities for cannabis activities, which will be addressed under the next agenda item.

He drew the Commission's attention to the proposed building elevations, site plan and landscaping plan under Attachment 1 of the application and commented that the required findings under Section 17.35.030 of the Rio Dell Municipal Code (RDMC) can be made to approve the Condition Use Permit (CUP).

Community Development Director Caldwell said one of the recommendations staff made is that the applicant revise the Landscaping Plan to include a four (4) foot landscaping strip between the parking lot sidewalk and the buildings. He also noted that that staff was pleased to see that the applicant is recommending a lap-siding façade along the lower portion of the buildings rather than the normal decorative wall panels.

He pointed out that the applicant will clean out and repair all existing on-site culverts and drainage ditches to allow the unimpeded flow of stormwater and will be removing existing drainage facilities and constructing a new detention/retention basin on the other side (east side) of Northwestern Avenue.

Commissioner Richter questioned the reason staff is requesting the landscape strip between the sidewalk and the buildings.

Community Development Director Caldwell explained the purpose for requesting the landscaping is to break it up and make it consistent with other projects however; it is up to the discretion of the Commission. He said if there were no turning movement then it wouldn't work which is the reason for the condition.

Commissioner Woodall called for public comment on the proposed Conditional Use Permit. No public comment was received.

Motion was made by Richter/Strahan to approve Resolution No. PC 125-2018 Approving the Design Review Conditional Use permit for Mountain Investments. Motion carried 3-0.

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Commissioner Marks arrived at this time, 6:40 p.m.

Resolution No. PC 126-2018 Approving Mountain Investments Cannabis Activity Conditional Use Permit for Temporary Cannabis Facilities Including Three (3) FlexMod C1D1 Manufacturing Units, Storage Units for Storage of Raw Cannabis Materials, Office Facility, and a Processing and Packaging Unit, Subject to Conditions of Approval

Community Development Director Caldwell reviewed the staff report recommending approval of a Conditional Use Permit for cannabis related activities including volatile/non-volatile manufacturing, infusion manufacturing activities (commercial kitchen), cultivation, nursery/propagation activities, processing and packaging, distribution, and testing activities. He noted that the project includes three (3) two-story buildings, two at 19,200 square feet and the one at 12,000 square feet. In addition, the applicant is requesting that temporary facilities be allowed which is allowed under the current regulations, provided the applicant has applied for and obtained a Building Permit for at least one of the buildings.

He referred to the Temporary Site Plan and Plan of Operations for both the temporary facilities and the permanent facilities and noted the applicant submitted a very comprehensive Plan of Operations to comply with the requirements of the Conditional Use Permit. He noted that the applicants would be employing approximately 50 people and running three (3) shifts.

Community Development Director Caldwell then referred to the Conditions of Approval and commented that they are the same standard conditions as approved for the previous cannabis activity projects.

Commissioner Woodall questioned the conditions of the Fortuna Fire District.

Community Development Director distributed to Commissioners, supplemental information regarding the Fortuna Fire Protection District's response to the project with recommended conditions of approval. He indicated that staff incorporated the recommended conditions into the City's conditions of approval.

Commissioner Marks asked how the shared cost for the traffic study is determined.

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Community Development Director Caldwell explained that W-Trans prepare the calculations based on traffic generation to determine the shared cost for each development.

Commissioner Marks asked if Caltrans could come back to the developer in the event a business generates a lot more traffic than anticipated.

Community Development Director Caldwell indicated that they could.

Commissioner Woodall asked if the temporary facilities are required to meet flood elevation requirements.

Community Development Director Caldwell referred to the staff report under **4. Site Suitability**, which addresses the requirements for building sites located within the flood zone and said in addition to local regulations, the project is also subject to FEMA's Flood Regulations, which require that the first floor of the structure be located one foot above the Base Flood Elevation. He indicated that staff conditioned the Design Review project accordingly for both the permanent and temporary facilities.

Commissioner Woodall questioned the length of time allowed for the temporary facilities.

Community Development Director Caldwell explained the use runs with the building permit, which is 6 months or 180 days. If construction does not commence within that period, the applicant would have to come back to the Commission and request an extension.

Commissioner Richter asked if the applicant could keep the temporary permit as long as they show they are making reasonable progress.

Community Development Director Caldwell noted that it would be at the discretion of the Commission to determine if they were making reasonable progress.

Commissioner Woodall called for public comment on the proposed Conditional Use Permit.

Frank Wilson (Mayor), commented that he had also expressed concerns regarding

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allowing temporary facilities and said there were other councilmembers with the same concerns. He said that he was excited about the plans as presented but if this is, just a ruse and the applicants are leading the City down the wrong path that would not be a good thing. He said he wants to see the development at the Humboldt Rio Dell Business Park as a model facility and applauded staff for its efforts in moving the development forward.

Councilmember Strahan pointed out that everyone needs to be patient because of the continual changes at the State level noting that weather is also a factor.

Motion was made by Richter/Marks to adopt Resolution No. PC 126-2018 Approving Mountain Investments Cannabis Activity Conditional Use Permit subject to the Conditions of Approval as presented. Motion carried 4-0.

STAFF COMMUNICATIONS

Community Development Director Caldwell announced the date for the next regular Planning Commission meeting on June 26, 2018. He said staff received a request from Humboldt Brand regarding consideration of a Special Planning Commission meeting on June 12, 2018 and asked commissioners if they would be available to meet on that date.

Commissioner Strahan indicated that he would not be available as he would be out of town. City Clerk Dunham also said that she would be gone during that time. As such, no special meeting was scheduled.

ADJOURNMENT

The meeting adjourned at 6:55 p.m. to the June 26, 2018 regular meeting.

Julie Woodall, Alternate Chair

Attest:

Karen Dunham, City Clerk


675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532



For Meeting of: June 26, 2018

☐ Consent Item; ☒ Public Hearing Item

To: Planning Commission

From: Kevin Caldwell, Community Development Director 

Through: Kyle Knopp, City Manager 

Date: June 19, 2018

Subject: Humboldt Brand Cannabis Activity Conditional Use Permit
File No. 205-111-022; Case No. CCLUO-CUP 18-04

Recommendation:

That the Planning Commission:

1. Receive staff's report regarding the proposed Conditional Use Permit;
2. Open the public hearing, receive public input, close the public hearing and deliberate;
3. Assuming that public testimony is substantially in support of the proposal, find that:
 - (a) The proposed use is allowed within the applicable zoning district and complies with all other applicable provisions of this title and all other City ordinances;
 - (b) The proposed use is consistent with the general plan and any applicable specific plan;
 - (c) The design, location, size, and operating characteristics of the proposed activity are compatible with the existing and future land uses in the vicinity;

(d) The site is physically suitable for the type, density and intensity of use being proposed, including access, utilities, and the absence of physical constraints;

(e) Granting the permit would not be detrimental to the public interest, health, safety, convenience, or welfare, or materially injurious to persons, property, or improvements in the vicinity and zoning district in which the property is located; and

(f) The Conditional Use Permit has been processed in accordance with the applicable provisions of the California Government Code and the California Environmental Quality Act (CEQA);

4. Adopt Resolution No. PC 128-2018 approving the Conditional Use Permit, subject to the Conditions of Approval, Exhibit A.

Background



The Humboldt Brand has made application for a Conditional Use Permit for cannabis related activities at the former Moore Fuel parcel. The parcel is developed with an existing 3,200 square foot building.

The Humboldt Brand focuses on sun grown, organic high quality cannabis products and has partnered with nearly 90 small farms in Humboldt, Mendocino and Trinity County's. Below is some information about Humboldt Brand that was obtained from their website, <https://humboldtbrand.group/>.

Our Mission

Family farms are the pride of Humboldt County. This culture is what makes our community special. We bring world class cannabis products to the caring consumer.

Comprised of nearly 100 family farmers who have been cultivating organic, sungrown cannabis for decades. Humboldt Brand carries the tradition of multiple generations of experienced cultivators.

Simply put: Our passion is creating world class cannabis products for you.

In addition, Humboldt Brand is partnering with HARDCAR. HARDCAR will be providing security, transportation and some distribution services. Below is some information about HARDCAR that was obtained from their website, <http://hardcar.com/>.



***HARDCAR** is a long-time contributor to the cannabis space, with a proven track record of cultivating and solidifying meaningful relationships throughout the industry. From packaging to distribution, lab testing, trimming, secured storage and transport, **HARDCAR** Distribution has all aspects of cannabis retail covered. Through collaboration with our diversified team of highly-qualified and talented professionals, we help cannabis businesses stand out by providing the highest quality industry services that keep our partners' products safe, while maintaining excellence and compliance throughout our work. The future is bright and we look forward to partnering with you!*

The Conditional Use Permit is for cannabis related activities at the former Moore Fuel parcel. The parcel is developed with an existing 3,200 square foot building. **Attachment 1** includes the Plan of Operations for the proposed uses. The Plan of Operations addresses, employees, sanitary conditions, employee safety practices, including emergency response planning and reporting, personal protective equipment, materials handling, traffic, security, waste management, etc. **Attachment 2** is the site plan and **Attachment 3** is a copy of the floor plan.

The Conditional Use Permit (CUP) application is for Volatile and Non-Volatile Manufacturing, Infusion Manufacturing activities, Nursery/Propagation activities, Processing/Packaging, Distribution in an existing 3,200 sq. ft. building. The application includes a proposed 2,700 (30' x 90') square foot polycarbonate greenhouse. Six (6) to eight (8) employees are anticipated.

The property is currently provided water from an on-site well. As the Commission is aware, new buildings are required to connect to the City's water system. However, it's likely the Fire Department will require that a hydrant be provided within 500 feet of the structure.

The applicant is requesting that a C1D1 and C1D2 manufacturing units be allowed as temporary uses. Staff has supported temporary uses as part of the Glenn White and Mountain Investments projects. However, both of those projects did not have existing buildings. As indicated above, the subject parcel is developed with a 3,200 (80' x 40') square foot building. Therefore, staff does not support the requested temporary use. It should be noted that the applicant intends to construct a 1,200 (30' x 40') square foot addition to the northern portion of the building.

Required Findings/Staff Analysis

Section 17.35.030 Rio Dell Municipal Code (RDMC) Conditional Use Permits.

1. Zoning Consistency

(a) The proposed use is allowed within the applicable zoning district and complies with all other applicable provisions of this title and all other City ordinances;

Land Use: The property is zoned Industrial Commercial (IC). The purpose of the Industrial Commercial zone is to provide for industrial and commercial uses. Section 17.30.195 the City's Commercial Cannabis Land Use Ordinance (CCLUO), allows commercial cannabis activities at the former Eel River Sawmill site, now known as the Humboldt Rio Dell Business Park with a Conditional Use Permit (CUP). The existing building will be used for cannabis activities.

All cannabis applications for the required Conditional Use Permit requires the submittal of a completed application form, evidence of ownership, a Site Plan, a Plan of Operations which is required to include the following:

- A complete project description including the proposed use(s), hours and days of operation, number of employees, and the duration (temporary, seasonal or permanent) of the operation.
- The number of daily and/or weekly incoming and outgoing deliveries.
- A Security Plan that addresses the cultivation, storage, processing, manufacturing and testing of any cannabis, including but not limited to video monitoring and commercial alarm systems.
- A Waste Management/Disposal Plan shall be submitted describing any produced wastes, including by-products, recycling, reusing, recovery, storage, diversion and handling and disposal.
- A description of the storage or use of any solvents, fertilizers, pesticides, fungicides, rodenticide, or herbicides.
- A description of any discharge or emissions the operation will generate.
- A description of any noise level increase as a result of the operation.
- A description of the operation's use of public facilities such as roads, water or sewer systems.
- A description of any proposed water source, storage, conservation and use; drainage, runoff and erosion control; watershed and habitat protection.

The applicant has submitted a very comprehensive Plan of Operation (Attachment 1) addressing the above elements.

Cultivation

Again, the application includes a proposed 2,700 (30' x 90') square foot polycarbonate greenhouse to be used to raise immature cannabis plants for retail sale. The applicant is working with the Health Department to determine if the greenhouse can be located above the leachfield reserve area.

Performance Standards for all Cultivation Operations:

Below is a copy of the City's applicable Cultivation Performance Standards for indoor cultivation in the Industrial Commercial (IC) zone.

- The storage or use of any fertilizer, pesticide, fungicide, rodenticide, or herbicide shall be in compliance with the manufacture's recommendations and regulations administered by the State Department of Pesticide Regulation. Hazardous materials and wastes from agricultural businesses are regulated by the Humboldt County Environmental Health Division, which administers the Hazardous Materials program as one of the Certified Unified Program Agencies (CUPA). This includes the application, inspection, enforcement, and reporting under the program requirements and standards set by the California Environmental Protection Agency (CalEPA).
- Carbon filter fans or equivalent superior filters/scrubbers shall be required to eliminate odor discharges to neighboring properties from cultivation and processing facilities.
- A Waste Management/Disposal Plan shall be submitted describing any produced wastes, including by-products, recycling, reusing, recovery, storage, diversion and handling and disposal.

The project has been conditioned to require that applicant to enroll in the County Hazardous Waste program. The nursery operation will include "mother" plants for cloning. No mature plants will be cultivated on-site. As such, odor is not expected. However, staff has conditioned the project incorporate filters should they be necessary. Although the nursery element of the project is not expected to generate much waste, if at any, the Waste Management Plan addresses all waste.

The cultivation aspect of the project as proposed and recommended conditions complies with the City's cultivation regulations.

Manufacturing

Again the applicants are proposing volatile (butane) and non-volatile (CO2 and ethanol) manufacturing (oils and concentrates) and infusion (creams, lotions, tinctures, edibles, etc.).

A State Type 7 license allows for extractions using volatile solvents, nonvolatile solvents or mechanical methods. "Volatile solvent" means any solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures. Examples of volatile solvents include but are not limited to, butane, hexane and propane. "Nonvolatile solvent" means any solvent used in the extraction process that is not a volatile solvent. The State considers carbon dioxide and ethanol non-volatile solvents.

All volatile extractions are required to occur in a spark-proof, explosion-proof room that will be equipped with evacuation fans and lower explosive limit detectors. Staff has conditioned the project accordingly. Blast resistant rooms used for volatile manufacturing are classified as a Class 1, Division 1 (C1D1). Non-volatile extraction can occur in a C1D2 extraction unit. The applicants are proposing to utilize FlexMod systems. As the Commission is aware the Glenn White group recently installed a temporary FlexMod C1D1 unit which was recently approved for use by the Fortuna Fire Protection District (FFPD).

A Type 7 licensee may also conduct infusion operations. "Infusion" means a process by which cannabis, cannabinoids, cannabis concentrates, or manufactured cannabis are directly incorporated into a product formulation to produce a cannabis product. These products typically include creams, lotions, tinctures and other similar products. Infusion also includes the production of edibles.

In addition, to the operating protocols in the Plan of Operation, the applicant is required to comply with the following manufacturing performance standards found in Section 17.30.195(12) of the Rio Dell Municipal Code (RDMC).

Performance Standards for Manufacturing Activities:

- Compliance with CAL/OSHA, OSHA regulations.
- Compliance with State and local building regulations, including the California Building Code (CBC) and the California Fire Code (CFC).
- A Security Plan that addresses how the following measures shall be implemented or complied with:
 - Entrance to the extraction areas and any cannabis storage areas shall be locked at all times, and under the control of facility staff.

- Cannabis shall be stored in buildings that are completely enclosed, and in a locked vault or safe, or other secured storage structure which is bolted to the floor or structure of the premises.
- Windows and roof hatches of the premises shall be secured from the inside with effective means so as to prevent unauthorized entry, and shall be equipped with latches or a similar mechanism that may be released quickly from the inside to allow exit in the event of emergency in compliance with all applicable building provisions in the Code.
- If using CO₂ in processing, a professional grade closed-loop CO₂ gas extraction system rated to a minimum of fifteen thousand (15,000) pounds per square inch (PSI) is required for every vessel in the system.
- Extraction processes shall use a commercially manufactured professional grade closed-loop extraction system designed to recover the solvents and built to codes of recognized and generally accepted sound engineering practices, such as (i) The American Society of Mechanical Engineers (ASME); (ii) American National Standards Institute (ANSI); (iii) Underwriters Laboratories (UL); or (iv) The American Society for Testing and Materials (ASTM).
- Volatile extraction operations shall occur in a spark-proof, explosion-proof room equipped with evacuation fans and lower explosive limit (LEL) detectors.
- Carbon filter fans or equivalent superior filters/scrubbers shall be required to eliminate odor discharges to neighboring properties.
- A Waste Management/Disposal Plan shall be submitted describing any produced wastes, including by-products, recycling, reusing, recovery, storage, diversion and handling and disposal.
- Manufacturers of edibles shall comply with the regulations in the California Health and Safety Code, which includes the California Retail Food Code administered by the California Department of Health Services - Food and Drug Branch, California Department of Food and Agriculture and the County Department of Environmental Health.
- Comply with any special conditions applicable to that permit or parcel which may be imposed as a condition of the required Conditional Use Permit.

The applicant's Plan of Operation demonstrates compliance with the adopted performance standards. It should be noted again that the extraction manufacturing will occur in C1D1 and C1D2 prefabricated a spark-proof, explosion-proof units equipped with evacuation fans and lower explosive limit (LEL) detectors. There are no windows in these units. The project is recommended to be conditioned accordingly to ensure compliance. **Please refer to Exhibit A.**

Processing and Distribution

The project does include processing, packaging and distribution activities for products produced on-site and off-site.

The State has packaging and labeling requirements for cannabis products and nonmanufactured cannabis products. "Nonmanufactured cannabis product" means dried flower, shake, leaf, and pre-rolls intended to be sold for use by medical cannabis patients. Below is a copy of the State's packaging and labeling requirements. The labeling and packing requirements for cannabis products, which includes everything except nonmanufactured cannabis products, are virtually the same.

Packaging Cannabis Products for Distribution.

A package used to contain a cannabis product shall adhere to the following requirements:

- (a) The package shall protect the product from contamination and shall not expose the product to any toxic or harmful substance;
- (b) The package shall be tamper-evident, which means that the product is packaged in a container within which a product is sealed so that the contents cannot be opened without obvious destruction of the seal; and
- (c) The package shall not imitate any package used for products typically marketed to children.

Labeling Cannabis Products for Distribution.

The following labeling requirements shall be implemented within 180 days of licensure, or by December 31, 2018, whichever is sooner:

- (a) Any information required to be listed on a label shall be written in English;
- (b) Label and all required label information shall be unobstructed and conspicuous;
- (c) The label shall be in a text size no less than 6 point font and be in relation to the size of the container; and
- (d) The label shall include the following information:
 - (1) The applicable requirements of Section 19347 of Business and Professions Code;
 - (2) The net weight of the contents in the package; and

(3) The unique identifier assigned by the track-and-trace system as required by Section 8402 of this Chapter.

The project is recommended to be conditioned accordingly to ensure compliance. **Please refer to Exhibit A.**

RDMC Security Provisions

The Plan of Operations also includes the required Security Plan that includes, describes and addresses the following required elements:

- Security cameras shall be installed and maintained in good condition, and used in an on-going manner with at least 720 concurrent hours of digitally recorded documentation in a format approved by the Planning Commission. The cameras shall be in use 24 hours per day, 7 days per week. The areas to be covered by the security cameras shall include, but are not limited to, the public areas, processing areas, storage areas, employee areas, all doors and windows, and any other areas as determined to be necessary by the Planning Commission.
- The facility shall be alarmed with an audible interior and/or exterior silent alarm system that is operated and monitored by a recognized security company, deemed acceptable by the Planning Commission. Any change in the security company shall be subject to the approval of the City Manager or his designee. All current contact information regarding the cannabis facility's security company shall be provided to the City Manager or designee.

The above required provisions have been included as conditions of approval. **Please refer to Exhibit A.**

The State will also require a security plan as well. Below are the State's required security plan regulations. The project is conditioned to comply with the State's requirements as well.

§40200. Security Plan. Every applicant and licensee shall develop and implement a security plan. At minimum, the security plan shall include a description of the security measures to be taken to:

(a) Prevent access to the manufacturing premises by unauthorized personnel and protect the physical safety of employees. This includes, but is not limited to:

(1) Establishing physical barriers to secure perimeter access and all points of entry into a manufacturing premises (such as locking primary entrances with commercial-grade, non-residential door locks, or providing fencing around the grounds, driveway, and any secondary entrances including windows, roofs, or ventilation systems);

(2) Installing a security alarm system to notify and record incident(s) where physical barriers have been breached;

(3) Establishing an identification and sign-in/sign-out procedure for authorized personnel, suppliers, and/or visitors;

(4) Maintaining the premises such that visibility and security monitoring of the premises is possible; and

(5) Establishing procedures for the investigation of suspicious activities.

(b) Prevent against theft or loss of cannabis and cannabis products. This includes but is not limited to:

(1) Establishing an inventory system to track cannabis material and the personnel responsible for processing it throughout the manufacturing process;

(2) Limiting access of personnel within the premises to those areas necessary to complete job duties, and to those time-frames specifically scheduled for completion of job duties;

(3) Supervising tasks or processes with high potential for diversion (including the loading and unloading of cannabis transportation vehicles); and

(4) Providing designated areas in which personnel may store and access personal items.

(c) Secure and back up electronic records in a manner that prevents unauthorized access and that the integrity of the records is maintained.

The submitted Security Plan complies with the City's and the State's security regulations. However, the project is recommended to be conditioned accordingly to ensure compliance. **Please refer to Exhibit A.**

Waste Management

The Plan of Operations also includes the required Waste Management Plan for the proposed operations. Humboldt Brand is working with the Pauwels Company out of Eureka for the collection of cannabis stems. The Pauwels Company processes the stems into a pulp which gets

pressed and manufactured into paper products. See the Waste Management Plan Addendum dated April 23, 2018.

It should be noted that **Recology** has indicated that they do haul and dispose of non-hazardous cannabis waste. All disposal of cannabis waste is subject to Section 40290 of the California Code of Regulations (CCR). Section 40290(e) of the CCR's requires that the cannabis waste be rendered to make it unusable and unrecognizable before removing the waste from the premises. This requires that the cannabis waste be grinded and incorporated with other ground material so that the resulting mixture is at least 50% non-cannabis material by volume. All hazardous waste as defined in Section 40141 of the Public Resources Code (PRC) must be managed with all applicable hazardous waste statutes and regulations. The project has been conditioned accordingly. **Please see Exhibit A.**

2. General Plan Consistency

(b) The proposed use is consistent with the general plan and any applicable specific plan;

The General Plan designation is also Industrial Commercial. The purpose of the Industrial Commercial designation is to provide for industrial and commercial uses. All the uses would be considered principally permitted uses if the activities did not involve cannabis.

The proposed uses are consistent with the following General Plan goal: "To promote a variety of commercial uses and allow light manufacturing in appropriate commercial areas."

There are no goals or policies which would preclude the proposed use in the Industrial Commercial designation. Therefore, the proposed use as conditioned is consistent with the General Plan.

3. Land Use Compatibility

(c) The design, location, size, and operating characteristics of the proposed activity are compatible with the existing and future land uses in the vicinity;

There are two residences within about 325 and 650 feet respectively as a crow flies. The proposed uses do not generate smoke, noise or vibrations which could affect the residences. The volatile manufacturing occurs within a spark-proof, explosion-proof room that will be equipped with evacuation fans and lower explosive limit detectors. Again, this is the same process that is used by the Creamery, manufacturers of oils, including soy bean oil, corn oil, sunflower oil, essential oils including lavender, tea tree etc.

Based on the recommended conditions of approval, including the City's Performance Standards and the State regulations, staff believes the project can be found to be consistent with the existing and future land uses in the vicinity.

4. Site Suitability

(d) The site is physically suitable for the type, density and intensity of use being proposed, including access, utilities, and the absence of physical constraints;

The project site is subject to flooding. Section 17.30.140 of the RDMC requires that if a proposed building site is located in a flood zone, any proposed new construction or substantial improvement, must:

- (a) Be designed or modified and anchored to prevent flotation, collapse or lateral movement of the structures;
- (b) Use construction materials and utility equipment that are resistant to flood damage; and
- (c) Use construction methods and practices that will minimize flood damage.

In addition, to our local regulations, the project is also subject to FEMA's flood regulations (Title 44 Code of Federal Regulations, Section 61.7 and 61.8) which require that the first floor of the structure be located one foot above the Base Flood Elevation (BFE). As such a Flood Elevation Certificate is required, this identifies among other site features, the BFE and the elevation of the floor of the building. Staff conditioned the Design Review project accordingly.

Of course access to the project site is from Highway 101. In regards to access, the City commissioned a Traffic Impact Study (TIS) with W-Trans out of Santa Rosa. Based on current and future conditions, W-Trans concluded that the access to and from the Business Park is adequate.

However Caltrans has suggested some potential improvements, including the expansion of the left turn pockets (queuing), acceleration and deceleration northbound lanes and southbound staging/merging areas for vehicles exiting the business park. Staff and the stakeholders met with Caltrans representatives at a recent meeting and discussed the recommended improvements and the possibility of extending the cable median/barrier through the intersections to eliminate traffic crossings. Staff has asked that Caltrans identify their preferred improvements, either the changes to the turn pockets, etc. or the installation of a cable median barrier through the intersections. Staff also requested that Caltrans identify a threshold (i.e. number of trips in and out of the Business Park) that would trigger additional improvements.

Any improvement costs will be shared among the developers based on the number of daily trips generated by their uses. The project has been conditioned accordingly. **Please refer to Exhibit A.**

Based on information on file and the recommended conditions of approval, staff believes the site is physically suitable for the intended uses.

5. Public Interest, Health, Safety and Welfare

(e) Granting the permit would not be detrimental to the public interest, health, safety, convenience, or welfare, or materially injurious to persons, property, or improvements in the vicinity and zoning district in which the property is located;

The new construction is subject to the California Building Codes, including the California Fire Code, which includes standards to ensure that the buildings are constructed to minimum safety standards. Again, based on information on file and the recommended conditions of approval, staff believes there is no evidence to suggest that the proposed project will be detrimental to the public interest, health, safety, convenience, or welfare, or materially injurious to persons, property, or improvements in the vicinity and zoning district in which the property is located.

6. California Environmental Quality Act

The primary purpose of the California Environmental Quality Act (CEQA) is to inform the decision makers and the public of potential environmental effects of a proposed project. Based on the Environmental Impact Report (EIR) prepared as part of the annexation of the area into the City which analyzed potential industrial uses and the nature of the project, including the proposed operating protocols and recommended conditions of approval, staff has determined that the project is Statutorily Exempt pursuant to Section 15061(b) (3) of the CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations. Pursuant to Section 15061(b) (3) of the CEQA Guidelines this exemption is covered by the general rule that CEQA applies only to projects which have the potential for causing a **significant** effect on the environment. Based on the nature of the proposed projects, staff believes there is no evidence to suggest that the projects will have a **significant** effect on the environment.

Attachments:

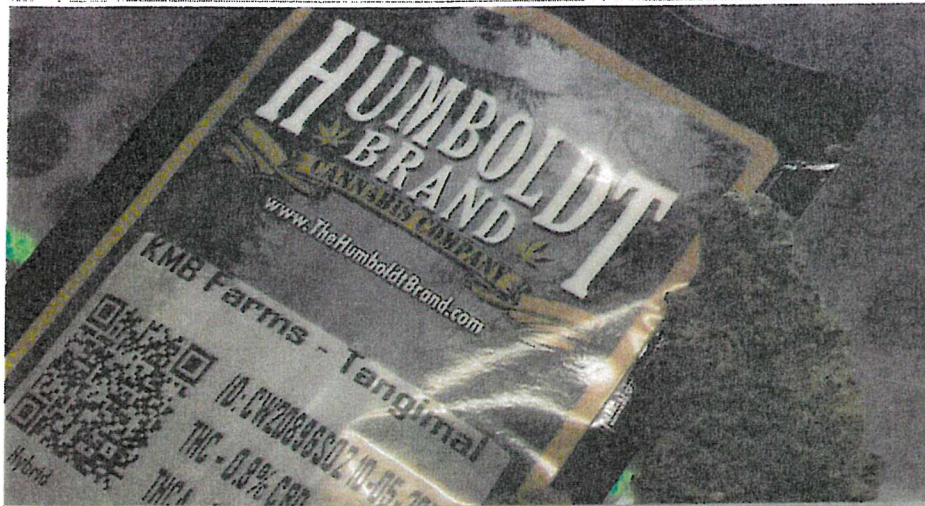
Attachment 1: Plan of Operations.

Attachment 2: Site Plan.

Attachment 3: Floor Plan.

Attachment 4: Exhibit A, Conditions of Approval.

Attachment 4: Resolution No. PC 128-2018.



Humboldt Brand Cannabis Company

MANUFACTURING & PROCESSING OPERATION PLAN

Description

Humboldt Brand Cannabis Company is applying for the cannabis manufacturing and distribution licenses and will be conducting business in Rio Dell, California.

Humboldt Brand Cannabis Company is dedicated to making the cleanest and safest cannabis concentrates and extracts. The company will also produce the premium quality cannabis edibles to distribute products through wholesale transactions to qualified, licensed and Humboldt Brand Cannabis Company vetted cannabis establishments.

Humboldt Brand Cannabis Company will be also a new cannabis full service distributor in California.



Date Revised:

05/24/2018

Prepared by:

A.G.R. Multi Services, LLC

Summary

Humboldt Brand Cannabis Company is dedicated to produce and sell wholesale cannabis concentrates, and edibles in the future to service the exploding infused products industry. Humboldt Brand Cannabis Company believes concentrates are the cleanest, most accessible way to consume most of the beneficial aspects of the cannabis plant and to be produced in edibles. Company intends to start its manufacturing business from July 2018.

Humboldt Brand Cannabis Company was also founded to serve the Medical cannabis community in California as a cannabis distribution. Company is also applying to serve the Adult Use community in California as well. Humboldt Brand Cannabis Company will carry an extensive product portfolio which includes flowers, concentrates, edibles, and accessories from award-winning brands. We create an efficient supply chain by acting as the intelligent hub sitting between retail dispensaries and the brands that cultivate and manufacture the products they sell. We will offer flexibility in the form of three unique programs for cultivators, processors and manufacturers.

Main Goals:

- ✓ To produce high-grade cannabis infused products and build a recognizable brand in a rapidly growing industry.
- ✓ To be fully compliant with all state and local municipalities and be primed and ready for national expansion as federal laws adjust and evolve to the benefit of the cannabis industry.
- ✓ To become an industry-leader in the blossoming extraction industry.
- ✓ To provide our retailer partners with top quality cannabis products, bringing carefully crafted guidance for a superior path to success.
- ✓ To help our brand partners achieve greater market penetration through a superior approach with high volume retailers (both stores and deliveries).

Mission:

- ✓ Creating value through reliable service, supply-chain integrity, and a quality guarantee.

Main Objectives:

- ✓ Getting the California Cannabis Manufacturing and Distribution licenses.
- ✓ Net annual income to support operational expenses.
- ✓ Monthly sales and capacity increasing steadily throughout the first year.

Operating Plan

Extraction Technology

Supercritical CO2 Extraction Method

We intend to use a High Production Extraction system which efficiently extracts botanical oils without thermal degradation at industry-leading processing rates. System utilize Dual-Phase Pumping System – a liquid pump that allows for high CO2 flows at higher pressures and the Diaphragm Compressor Technology gas pump for energy efficiency and cold separation, these systems will provide high production with a wide range of processing options for supercritical and subcritical extractions.

The system can process up to 20 kg of decarboxylated cannabis per day and uses 3-phase 208v, 230v, 460v. Equipped with CO2 storage tank.

We have identified the most prominent manufacturer of CO2 extraction and intend to use the following equipment:

Apeks Supercritical

Main Features:

- ✓ Fully automated
- ✓ Highest yield per hour
- ✓ Ideal for high-volume production
- ✓ Most versatile – runs subcritical and supercritical
- ✓ Dual-Phase Pumping System (liquid and gas)
- ✓ Multiple 3-phase power options
- ✓ Valve less Expansion Technology
- ✓ Widest supercritical range

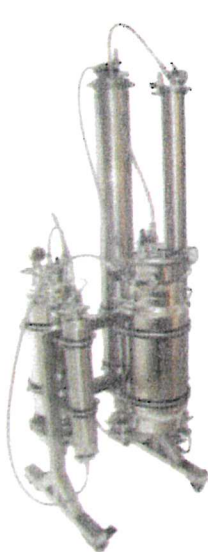


Butane Extraction Method

Butane/Propane extraction technique is the most cost-efficient extraction method available. With an average recovery cycle of less than one hour, BHO (Butane Hash Oil) is the fastest commercial extraction method.

Certified BHO extraction is safe and if correctly installed, pose minimal safety risk or risk to the environment. Virtually all butane or propane solvents are reclaimed through a closed-loop system and are not released into the atmosphere. BHO extraction is also US FDA-approved and this method of extraction is currently also widely used for the extraction of vegetable oils from seeds such as soybeans, canola, sunflower and flax.

We have identified the most prominent manufacturer of BHO extraction and intend to use the following equipment: Precision Extract Solutions.



After harvesting the plant material, the product is prepped (trimmed, grinded and put into stainless steel receptors). The extraction process happens inside the spark-proof laboratory. Once the extractor is loaded with Butane/Propane, the extraction process produces crude oil, which is then

winterized (mixed with ethanol and frozen in a C1D2 spark proof freezer. Fats and lipids are drained off and a rotary evaporator pulls the ethanol off, which is kept for further processing. The product is then put into a decarb vessel where heat activates the CBD and THC. The next process is a wiped film evaporator distiller that separates the THC, CBD and terpenes, into the final product, which is golden in color and thick like syrup.

Ethanol Extraction Method

We intend to use a High Production Extraction system, which efficiently extracts botanical oils without thermal degradation at industry-leading processing rates. System utilize alcohol which acts as a solvent and strips the THC, CBD, Terpenes, Chlorophyll, and wax compounds from plant material then carrying them in solution form within the alcohol.

The process begins with the double-jacketed reactor, walk-in freezer, or chest freezer, which allows to keep a constant negative temperature on the solvent while the extraction process takes place. To achieve this, the cryogenic chiller takes the coolant down to -20°C and this is pumped between the glass layers in the reactor. The solvent will be kept in the inner container and the frozen material will be soaked for a period of time.

Once the soak is complete, the plant material will be removed, and the extract will be filtered into the rotary evaporator (or large-scale reactor), through a series of filters. The rotary evaporator stays under vacuum, which allows distillation and reclaim of the alcohol at low temperature, thus keeping the more volatile molecules intact. The reclaimed alcohol will then be reused for another extraction.

Advantages:

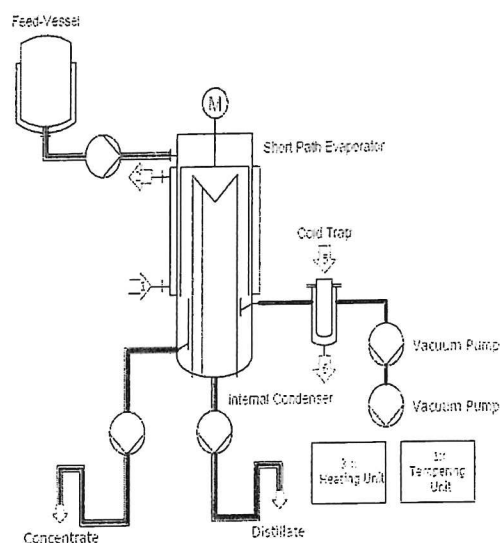
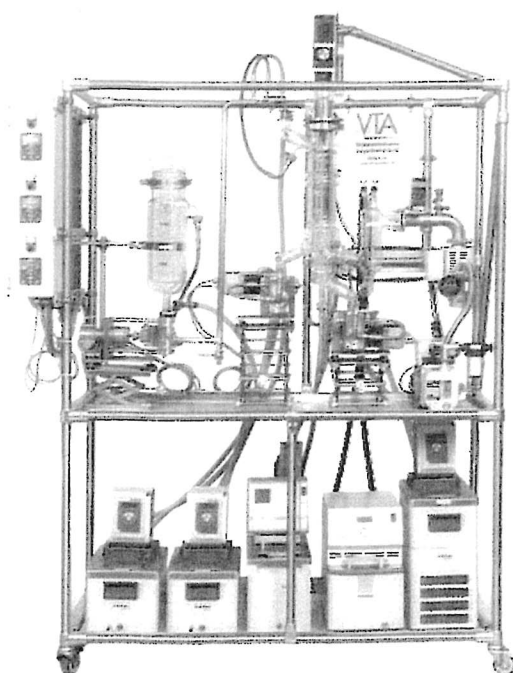
- The FDA classifies ethanol as “Generally Regarded as Safe,” or GRAS, meaning that it is safe for human consumption.
- Ethanol is safer than butane and more effective than supercritical CO₂.
- The ethanol removed from the finished concentrate can be reused in multiple extractions, which effectively eliminates the production of chemical waste.

We have identified the most prominent manufacturer and intend to use the following equipment: Heidolph.

Processing Technology

Short Path Wiped Film Evaporator (WFE)

We use a High Production WFE system which efficiently separates the botanical oils without thermal degradation at industry-leading processing rates. A rotating wiper system distributes the cannabis oil onto the inner wall of the short path evaporator, the evaporation process is sped up by the rotating wipers spreading the oil into a thin film layer so that the heat transfer and molecule transfer are optimized. The residence time is less than 10 seconds and the vapors are condensed onto the internal condenser as shown on the diagram below. The short path distillation process is split into two passes - the first pass in the evaporator isolates the Terpenes from the cannabinoids and the second pass removes the lipids, impurities, and solvents leaving you with an odorless high value clear distillate. Our distillation process creates a distillate that can produce fine oil used for vape cartridges, tinctures, or edibles. The cannabis industry has advanced by leaps and bounds in recent years with new discoveries on the rise. There are lots of benefits to distillate which has skyrocketed its demand and led to price increases at the same time. Utilizing this WFE system offers high-capacity, high-production operations with fast, efficient molecule of botanical oils without thermal degradation. We have identified the most prominent WFE manufacturer and have purchased model number VKL 70-5 from German manufacture Verfahrenstechnische Anlagen GmbH also known as VTA.



Main Features:

- Continuous feed
- Low processing temperatures
- Ideal for high-volume production
- Compact design
- Multiple 3-phase power options
- Cannabinoid Separation (THC/CBD)

FlexMode – Compliant Class 1 Division 1 (C1D1) and Compliant Class 1 Division 2 (C1D2) Combination Unit Extraction Lab

HBCC will be using both a C1D1 and C1D2 units. These units are a combination unit extraction lab.

A C1D1 unit is used for ignitable concentrations of flammable gases or vapors that may exist under normal operating conditions.

A C1D2 unit is used for volatile flammable liquids or gases but are normally confined in closed containers or closed systems.

Both C1D1 and C1D2 units are environments with a separate non-classified work area in one modular. All components are designed to be spark-proof and blast-proof to meet hazardous requirements, creating a safe and compliant environment for the operators. In the non-classified section of the lab, a workstation can be set up. The barrier wall that separates these two compartments will allow you to operate roto vapes, ovens, and other non-classified equipment with the presence of dangerous gases.

Both C1D1 and C1D2 units will be installed indoors (see Proposed Floor Plan). There will be a barrier mesh installed on the back wall for fortification. The installation will be done by a welder that will tie all pieces of the barrier mesh with a square tubular frame around the perimeter and at the seams for maximum strength against ramming from a vehicle. An alternative option can be large concrete blocks that are almost impenetrable against vehicle ramming.

There will also be two (2) C1D1 installed outdoor (See Proposed Floor Plan).

Butane delivery will be done weekly.

Nursery

HBCC is also proposing the development and operation of a commercial cannabis retail and wholesale nursery space in compliance with the Commercial Medical Cannabis Land Use Ordinance (CMCLUO).

"Nursery" means a licensee that produces only clones, immature plants, seeds, and other agricultural products for retail or wholesale, used specifically for the planting, propagation, and cultivation of cannabis.

The nursery space will be in a 60' x 90' polycarbon greenhouse with a filtration system for odor control, if necessary. Placement of the nursery is dependent on a pending response from Humboldt County Department of Health and Human Services (DHHS).

All fertilizers, pesticides, nutrients, and other regulated products used in any cannabis-related areas will be stored in a dedicated hazmat storage area inside the workshop. The storage area will be clearly labeled and contain an up-to-date inventory of all hazardous materials stored and used on-side.

Employee Plan

HBCC is an equal opportunity company and complies with all applicable federal, state and local laws and regulations governing California Employers.

Staffing Requirements

In addition to the management staff, there may be up to four to six (4-6) full-time permanent employees plus seasonal labor positions employed. The number of seasonal laborers varies based on the needs of

the nursery and processing seasons. During the peak season there may be a total of 6-11 employees on site at any given time.

Employee Training and Safety

On site manufacturing, processing and packaging is performed by employees trained on each aspect of the procedure. Access to the facility manufacturing, processing, and nursery facilities is limited to authorized and trained staff.

All employees are trained on proper safety procedure including fire safety; use of rubber gloves and respirators; proper hand washing guidelines; and protocol in the event of an emergency. Contact information for the local fire department, CAL FIRE, Humboldt County Sheriff and Poison Control as well as the Facilities Manager will be posted at the facility site. Each employee is provided with a written copy of emergency procedures and contact information. The material safety data sheets (MSDS) will be kept on site and will be accessible to employees.

Toilet and Handwashing Facilities

The proposed manufacturing and processing building will include one (1) ADA-compliant restroom, including a working flush toilet as well as a sink with hot and cold running water. Anti-bacterial Liquid Soap and paper hand towels will be made available.

Hours of Operation

Proposed office hours: Monday thru Friday, 9:00 am to 5:00 pm.

Proposed manufacturing hours: Monday thru Saturday, 8:00 am – 12:00 am (two 8-hour shifts), Two person crew per shift.

Proposed processing hours: (based on demand) 4-5 days per week, 8:00 am – 5 pm; 3-4 employees, seasonal position.

Proposed packaging hours: 2-3 days per week, 4-5 hours per shift; 1-2 employees, permanent-part-time position.

Proposed nursery hours: (based on demand), seasonal position.

Legal Requirements

According to the Emergency Regulations for Commercial Cannabis Distributors, Retailers, Microbusinesses, Temporary Cannabis Events, and Testing Laboratories, MAUCRSA defines a distributor as a person licensed to:

- Transporting cannabis goods
- Arranging for laboratory testing
- Conducting quality assurance review of cannabis goods to ensure they comply with all packaging and labeling requirements
- Storage of cannabis goods

Key Requirements:

- CDTFA seller's permit
- Transport vehicles must have an alarm system
- Medicinal and adult-use cannabis goods may be transported together if they are clearly identified
- Must generate a shipping manifest prior to transporting

Vehicle requirements:

- Manned motor vehicle
- Motor carrier permit if transporting for hire
- Proof of ownership or valid lease
- Year, make, model, license plate number, and VIN
- Proof of insurance

Personnel Requirements:

- No person under 21 in the transport vehicle or trailer
- Only a licensee or employee shall be in a transport vehicle

Distributors must hold a Type 11 license, which is a new kind of entity created under MAUCRSA. A Type 11 licensee must register each location where a cannabis product is stored for the purposes of distribution. Distributors must also hold a Type 13 license in order to legally transport cannabis & cannabis products from one licensed business location to another.

Insurance Requirements

General liability insurance. Humboldt Brand Cannabis Company Cannabis Distribution Company will maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, for bodily injury, personal injury, and property damage.

Automobile liability insurance. Humboldt Brand Cannabis Company a Cannabis Distribution Company will also maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the vendor arising out of or in connection with Cannabis Delivery Services to be performed in California, including coverage for any owned, hired, non-owned, or rented vehicles, in an amount not less than \$1,000,000 combined single limit for each accident.

Storage Location

Requirements:

- Each premises requires a license
- Only one licensee may occupy a premises
- Should not be located within 600 feet of a school (grades K-12, day care, or youth center) unless permitted by the local jurisdiction.
- A premises diagram is required with the application
- The landowner of the land upon which a premise is located must provide approval for the cannabis activity to be conducted
- CID1 – indoor will hold 150 lbs of hydrocarbons (propane/butane) for present use. There will be no storage in this unit.
- CID2 – indoor unit will hold 120 gallons of ethanol for present use. A controlled cabinet will be installed to store up to 240 gallons of ethanol for future use.
- 300 lbs of hydrocarbons will be stored in a properly ventilated existing metal storage container with large concrete blocks against vehicle ramming.

Security & Control Plan

- HARDCAR would engage as the lead for security related matters and provide onsite security as a service with additional facility protective measures to be implemented as per CA state code.
- HARDCAR will distribute products from various clients stemming from the use of the facility and will provide consulting to clients on distribution and security.
- HARDCAR will deploy armored trucks from the location and will require onsite use of offices as well as a secure area for distribution and warehousing of product.

(See submitted detail **Security & Control Plan** dated **04/17/2018**).

Physical Security Plan for a Storage Space

Premises Access

- All external doors and gates will be secured by commercial locks rated to ANSI grade 1 or similar standards and materials will be available on-site for inspection to verify the security rating.
- All usable cannabis products will be stored indoors on the premises in a secure area with all entries secured with a steel door in a steel frame or the equivalent and commercial locks.
- All exterior doors, windows, or other points of ingress/egress will be locked.

Premises Alarm & Monitoring

- The premises will have an alarm system programmed to activate upon unauthorized breach of any door, window, or other point of entry.
- The alarm system will be capable of detecting unauthorized access to any portion of the premises, including any unenclosed portion of an outdoor production operation.
- The alarm system will provide notification to an authorized representative in the event of any unauthorized entry to any portion of the premises.
- The alarm system will provide a mechanism to contact law enforce by one or more of the following methods:
 - At least two “panic buttons” are installed on the premises that can trigger the alarm system and immediately notify a security company or law enforcement.

- Mobile “panic buttons” are carried by all license representatives on the premises that can trigger the alarm system and immediately notify a security company or law enforcement.
- An operational landline telephone is present at all times within the limited access area that is capable of contacting security or law enforcement.

Video Surveillance

1. The premises will be equipped with a video surveillance system.
2. Cameras will cover all areas where any marijuana items (including plants and waste) will be present at any time including pathways where product will be moved, without any “blind spots”
3. Cameras will cover all areas within 15 feet of all points of entry/exit from the licensed premises in all directions.
4. All cameras will record continuously 24 hours a day at a resolution of 1280 x 720 pixels or better in all lighting conditions.
5. All cameras will cover areas where marijuana items will be present and all cameras covering the surveillance area record at a minimum of 10 frames per second.
6. All cameras will cover exterior non-limited access areas record at a minimum of 5 frames per second.
7. The surveillance room will contain a list of personnel authorized to access the surveillance system.
8. We will keep a log of all maintenance activity for the surveillance equipment including name of the individual, date and time of access, and reason for access.
9. The surveillance system will include a monitor capable of viewing video from any camera, a digital archiving device, and a printer.
10. The surveillance system will have a backup battery that will provide at least one hour of continuous recording in event of any power failure.
11. An authorized representative will receive immediate notification within one hour of the failure of any security camera or portion of the surveillance system.
12. All required recordings, including the backups of the surveillance area recordings kept for 90 days with a method to store video longer than 90 days if requested.

Transportation

Prior to transporting cannabis or cannabis products, Company will do both of the following:

- (1) Complete an electronic shipping manifest as prescribed by the licensing authority. The shipping manifest will include the unique identifier, pursuant to Section 26069, issued by the Department of Food and Agriculture for the original cannabis product.
- (2) Securely transmit the manifest to the bureau and the licensee that will receive the cannabis product. The bureau shall inform the Department of Food and Agriculture of information pertaining to commercial cannabis activity for the purpose of the track and trace program identified in Section 26067.

During transportation, Company will maintain a physical copy of the shipping manifest and make it available upon request to agents of the Department of Consumer Affairs and law enforcement officers.

1. An individual authorized to transport cannabis items will have a valid Driver’s License.
2. Humboldt Brand Cannabis Company intend to:
 - Keep marijuana items in transit shielded from public view;
 - Use a vehicle for transport that is:
 - Insured at or above the legal requirements in California;

- Capable of securing (locking) the cannabis items during transportation;
- Equipped with an alarm system; and
- Capable of being temperature controlled if perishable cannabis items are being transported.
- Generate a printed transport manifest that accompanies every transport of cannabis items that contains the following information:
 - The name, contact information of a licensee representative, licensed premises address and license number of the licensee transporting the cannabis items;
 - The name, contact information and medical cannabis card number of the individuals receiving the delivery;
 - Product name and quantities (by weight or unit) of each cannabis item contained in each transport, along with the UIDs for every item;
 - The date of transport and approximate time of departure;
 - Arrival date and estimated time of arrival;
 - Delivery vehicle make and model and license plate number; and
 - Name and signature of the licensee's representative accompanying the transport.
- 3. Company will generate the manifest of this rule at least 24 hours in advance of initiating transportation.
- 4. Each sales invoice will contain:
 - a. Name and address of the purchaser.
 - b. Date of sale and invoice number.
 - c. Kind, quantity, size, and capacity of packages of cannabis or cannabis products sold.
 - d. The cost to the purchaser, together with any discount applied to the price as shown on the invoice.
 - e. The place from which transport of the cannabis or cannabis product was made unless transport was made from the premises of the licensee.
 - f. Any other information specified by the licensing authority.
- 5. All cannabis items will be packaged in shipping containers and labeled prior to transport.
- 6. Company will be able to provide a copy of the printed transport manifest and any printed receipts for marijuana items delivered to law enforcement officers or other representatives of a government agency if requested to do so while in transit.
- 7. Humboldt Brand Cannabis Company will contact the Bureau immediately, or as soon as possible under the circumstances, if a vehicle transporting cannabis items is involved in any accident that involves product loss.

Testing

A testing laboratory employee takes the sample of cannabis or cannabis products from the distributor's premises for testing required by this division and that the testing laboratory employee transports the sample to the testing laboratory.

Packaging and Labeling

Company will conduct the following regulations for packaging and labeling:

1. Cannabis packages and labels shall not be made to be attractive to children.
2. All cannabis product labels shall include the following information, prominently displayed and in a clear and legible font:
 - a. Date of manufacturing and packaging
 - b. Known allergens (nuts, etc.)

- c. Source and date of cultivation,
- d. Type of cannabis or cannabis product,
- e. Number of servings per package,
- f. Pharmacologically active ingredients (THC, CBD, etc.) and amount (mg per serving),
- g. "FOR MEDICAL USE ONLY" (for medicinal cannabis) or "FOR ADULT USE ONLY" (for recreational cannabis),
- h. Universal symbol for cannabis,
- i. Government Warning: "GOVERNMENT WARNING: THIS PRODUCT CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS PRODUCTS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. THE INTOXICATING EFFECTS OF CANNABIS PRODUCTS MAY BE DELAYED UP TO TWO HOURS. CANNABIS USEWHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS PRODUCTS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION." (in bold print)
- j. Any other requirements set by the Bureau.

Tracking Solution

According to the new regulations all licensees must enter certain events into the track and trace system so that cannabis is tracked throughout the supply chain

Company intends to use special tracking solution, which will allow us to remain compliant while helping to identify key data points to streamline and optimize inventory management at each phase of the operation: storage, lab testing and delivering.

Transport Manifests – Creating, submitting, and storing compliant transportation manifests noting vehicle, driver, and cargo contained for regulatory review.

Product Details – Product details for the inventory items, printing key information directly on the labels including ingredients, potency results, plus a reactive expiration date that can lock a product if it's past expiration.

Inventory Management – Analyzing the sales data to optimize the dispensary inventory to the customers.



Humboldt Brand Cannabis Company

*RIO DELL FACILITY
PROJECT SECURITY & CONTROL PLAN*



Date Prepared:

04/17/2018

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HBCC – INDUSTRIAL CANNABIS MANUFACTURING & CULTIVATION (NURSERY)

1) SECURITY & CONTROL PLAN - EXECUTIVE SUMMARY

Humboldt Brand Cannabis Company ("HBCC") **Security and Control Plan** ("Plan") details comprehensive security provisions that cover HBCC's cannabis business operations and assets including but not limited to cannabis cultivation, manufacturing, production, packaging, labeling, tracking, transportation, and distribution to licensed dispensaries of cannabis products. Plan provisions comply with or exceed local laws and ordinances, the California Medical Cannabis Regulation and Safety Act ("MCRSA"), Adult Use of Marijuana Act ("Prop. 64" or "AUMA"), Best Practices from other regulated states, and guidelines set by the Federal government in the 2012 Cole Memorandum. All HBCC Permitted Industrial Cultivation and Manufacturing facilities will be operated with the safety and security of Rio Dell residents, Company staff, and ultimate patients and consumers as our primary concern. Understanding that there may be internal and external security threats to its operations and personnel, HBCC will implement a security program to combat all known and potentially unknown threats. HBCC has anticipated threats from every conceivable arena including but not limited to physical, cyber, and procedural security for all facilities and operations. The HBCC Plan is designed to give every manager and employee the responsibility of ensuring and working within a secure environment. HBCC's security specialists and Management team have developed detailed policies and procedures complemented by training programs that enhance prevention, awareness, reporting, and responsible incident management for the entire Company.

EXPERIENCED SECURITY TEAM & LEADERSHIP

HBCC will partner with Hardcar Security ("Hardcar"). Veteran owned, veteran operated, armed security companies with over 100 years of combined leadership and security experience in each of their ranks. Hailing from all branches of the military and having diverse backgrounds ranging from Naval and Air Force military police, Army Infantry NCO's, as well as Special Operations, Hardcar is well suited to provide the expertise and leadership needed for a state-of-the-art security program.

Hardcar Security is a proven leader in the convergence of IT, Robotics, Cyber Security and Security technologies. The company is one of the largest providers of IT related solutions in the growing cannabis industry. Hardcar's main focus is on keeping clients safe with the highest level of security innovation.

Hardcar have extensive experience in the burgeoning cannabis industry.

ADHERENCE TO HIGHEST LEVELS OF SAFETY

HBCC's cultivation and manufacturing facilities will adhere to or exceed the highest levels of safety and security within the industry. As safety is and always will be paramount to our operations, HBCC will ensure **Risk Assessments and Risk Mitigation** are an integral part of not only design but operations as well. HBCC will ensure that all workers on HBCC property will be protected by adhering to Cal/OSHA regulations.

INNOVATIVE SECURITY TECHNOLOGY

Facility Cameras

HBCC will deploy cameras that are vandal-resistant and high definition, with 5 MP (i.e., mega pixel) progressive scan CMOS sensors, capturing 13 images per second at full resolution. Cameras will feature integrated infrared (IR) LEDs to provide uniform illumination in the dark, even at 0 Lux, up to a maximum distance of 200 feet. Cameras also feature automatic day/night functionality with removable IR cut filter that switches to day/night modes depending on the light level.

Cultivation Cameras

Because of the documented harmful effects of basic IR light on plant growth, the Company anticipates using a highly specialized Sony mini-bullet camera that uses a 940 nanometer (nm) wavelength infrared LED, which produces a glow that is undetectable to the human eye. This device offers an effective IR distance between 16 to 26 feet and is also waterproof. This camera will help reduce the effects of infrared on HBCC crops. The latest technology will be provided by a sub-vendor that specializes in the cannabis industry in surveillance equipment. HBCC will compare the latest equipment and provide the best product for the site.

Perimeter Fencing and Walls

To secure the operational perimeter, HBCC will employ aluminum cantilever or comparable gates, enclosed and secured automobile and truck entry areas, as well as high-security eight (8) foot block walls with tasteful pointed and curved wrought iron running the length of the perimeter wall.

Lighting

- ✓ The lighting at all the exterior doors and walk areas, around the parking lots and grounds and at the fence and gates will meet or exceed the requirements for Security Lighting.
- ✓ Infrared illumination devices will be deployed in certain areas to enhance the security surveillance of the property.
- ✓ Utilization of motion sensor lights to be implemented.

Intercom

A video-intercom system will provide video security and assist in communication throughout the facilities, even from a separate location. Fully integrating systems will allow for the identification of visitors, unlocking doors, broadcasting of emergencies and announcements and forwarding of calls.

Building Access Control

A card printer that allows for the creation of water-marked identification cards will be utilized, with the option of including magnetic strip or smart card technologies. The holographic anti-counterfeiting watermark can be custom designed or use a standard design included with the system.

Contactless Smart Card Readers:

Contactless Smart Card Readers will be used to control access to sensitive locations. These devices feature enhanced 64-bit security, encryption options, superior weather resistance and anti-vandalism protection.

CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN

Crime Prevention Through Environmental Design ("CPTED") is a multi-disciplinary approach to deterring criminal behavior through environmental design. CPTED strategies rely upon the ability to influence offender decisions that precede criminal acts by affecting the built, social and administrative environments.

2) HBCC SECURITY PHILOSOPHY

HBCC believes the best way to approach this project is through a team approach. This team approach will be reflected throughout our Security Plan but is clearly evident in the Company's security philosophy.

HBCC has adhered to the following criteria and approach in initiating a cutting-edge Security Plan and in defining security goals, objectives, and techniques:

- Security professionals have been involved with the project team from the earliest stages. Including the security principles in the design and development phase has allowed HBCC to incorporate Hardcar's expertise and take advantage of opportunities to use the surrounding natural and man-made environment in the physical security plan (i.e. the use of natural physical barriers and landscaping to provide access control and security shielding). HBCC's security philosophy incorporates natural and creative landscaping to discourage or mitigate a vehicle attack on the facility without being recognized by the public as a security measure.
- Environmental security strategies will include physical security design, employee/citizen and law enforcement participation in a team approach to facility security. These strategies are based on internationally known and recognized Crime Prevention through Environmental Design (CPTED) principles. These principles, which include the use of lighting, plantings, ground textures and common areas, deter crime and reduce vulnerabilities to violence and theft. The cultivation facility will strive to be a "good neighbor", ensuring that security lighting does not become lighting pollution or serve as a source of citizen discontent. Our design includes the use of low light cameras, motion detection devices and lighting that fits into the local community.
- The security design includes state-of-the-art technology, digital systems, and "all-smart" devices. All system software will utilize open architecture and protocols so that the facility is never "locked into" or dependent on a single manufacturer or vendor.
- Security systems are designed to be flexible, allowing the system to cost-effectively expand and contract to meet changing needs and risk levels. Security systems management and controls will be standardized to minimize staff training requirements and reduce annual operating costs. System and equipment selection will be based on analysis of life-cycle costs rather than only initial capital outlay.
- The entire security program has been designed to prevent loss through diversion and effective risk management so that security contributes to the overall sense of cooperation within the community we serve, while ensuring our operation remains intact and secure throughout any situation.

The HBCC approach ensures these facilities will become the model for safety and security while still maintaining the sense of community required. The background and expertise of the HBCC team has provided an unmatched approach and commitment to the safety and security of our facilities.

METHODOLOGY

The scope of the HBCC Security Team (e.g., Hardcar) is broad and multi-faceted. HBCC has identified and quantified the risks to a project of this type during both the construction and occupancy phases. HBCC has also taken into account the current best practices and systems within the security industry and determined which of these would be best suited to protect and secure the entire operation well into the future. HBCC focuses on all aspects of risk including physical, product and monetary theft, reputation, regulatory and operational risks and their impact on all constituents.

The overall methodology of HBCC segments the project into phases. Phase One encompasses the pre-construction planning stage (Assessment, Design and Preliminary Planning); Phase Two focuses on the construction stage (Vendor Selection, Exact Planning, Implementation and Documentation); and Phase Three establishes the standard operational procedures for the life of the facilities. HBCC will utilize ongoing testing, repeated threat assessment and continued development, revision and adaptation of security handbooks and protocols to reflect our ongoing commitment to facility security and the protection of occupants from evolving security and safety issues during day-to-day operations. The key to successful security in each phase, outlined below, is clear and constant communication and synergy between the HBCC Security Team, the architect, construction companies, engineers, contractors and the appropriate local, state and federal agencies.

PHASE ONE

Concurrent with developing a plan outlining functional and operational needs, the HBCC Security Team has been extensively involved with the project supervisor and architect, and this will continue throughout the life of the project and ensure that the ultimate goals of HBCC are met on schedule. In developing the blueprint during Phase One, HBCC feels that a key ingredient to the success of this project is to ensure that all construction contractors and other service providers are on the same page as our Security Team to ensure the development of appropriate security measures. This reduces issues that generally come up later in a project of this dimension, as the majority of those concerns will have been dealt with during the initial stages of construction. The security measures that will be considered will include all areas of each cultivation and manufacturing facility.

Hardcar has worked on identifying all aspects of the project that present a security risk. The Vulnerability and Security Assessment is a logical process that evaluates every aspect of the planned site, including, but not limited to, interior, exterior, ingress, egress, transportation routes, and the surrounding neighborhoods. Critical infrastructure that is an integral part of the day-to-day operation of this project will be evaluated by working closely with the appropriate authorities. Local, state and federal agencies will be included throughout the process as the need arises.

The HBCC **Vulnerability and Security Assessment** begins in the planning stage with a meticulous review of all available documentation, including site plans. All Security Team documents bring to light every aspect of security and safety including crime, diversion, terrorism, fire and medical emergencies. Continuous review and evaluation of all documents by the Security Team throughout the project development stages will include focus on systems such as fire safety, intrusion detection, etc. During this period the Security Team will build a relationship with critical infrastructure suppliers including, but not limited to, voice and data communication, power, and water.

Throughout Phase One the team will identify vulnerabilities to the facilities and the surrounding area. Every aspect of the facility's effect on the neighborhood from the construction phase to completion will be taken into account. This includes public access, deliveries and utility services. Every phase of this project creates a different risk potential which must be rated for inclusion as an actionable item. The security assessment will be the

springboard to developing both a state-of-the-art security program and a detailed security protocol for all situations. The assessment and testing in Phase One will continue through to the beginning of Phase Two.

PHASE TWO

As programming and schematic design begins, the HBCC Security Team, working with the project supervisors, will create the physical security program conceptualized during Phase One. All security design phases will be coordinated with the architect and will be incorporated in the design schedule. The role of security technology is important in today's environment, but equally critical are the operating procedures and policies surrounding those systems. These procedures embrace all day-to-day, emergency and crisis management scenarios. The HBCC Security Team will refine those procedures during Phase Two, using the information gained in the first phase.

HBCC will produce and continually refine a detailed **Security Protocol and Program Handbook** that cover the security of all structures (cultivation and manufacturing, command and control, storage, etc.) as well as transportation and other aspects of the operation. Long-term site security begins well before the first shovel hits the ground. A continuous review of project plans and their progress ensures that all required security measures are incorporated into the physical structure. All selected systems will undergo rigorous testing as they are installed and integration testing will occur as other systems come on-line. This ensures that all systems work together and achieve the designed goals. The HBCC Security Team contains specialists in deploying integrated systems and procedures for testing. Fully integrated systems and procedures testing is completed and proven before any facility opens for its intended use.

PHASE THREE

Throughout the life of the facility, the requirement to review and refine security systems and procedures is imperative. On an ongoing and random basis, the HBCC Security Team will conduct testing of alarm and other service providers as well as perform technology reviews and drills of facilities, procedures and communications. HBCC's commitment to vigilance is unwavering.

3) GENERAL SECURITY POLICIES

The HBCC Security Team has designed and implemented security measures to deter and prevent unauthorized access into any of the facilities. The overall policies are designed for all areas containing cannabis and cannabis products with a particular eye toward preventing theft or diversion. Any change made to a security protocol or procedures will be documented and distributed to all HBCC managers and employees and any contractors or service providers that may be impacted. Training will be scheduled immediately if any procedural change is deemed to require retraining or education of staff and others.

HBCC will fully develop a **Prevention & Incident/Emergency Response Plan ("P&IRP")**. The best way to secure and safeguard all HBCC facilities and personnel is through prevention strategies and drills. The security team assigned to protect all assets of HBCC will remain current on all phases of our security plan. In addition, all managers and employees at the facilities will receive specific training on how to respond to a variety of emergency circumstances.

HBCC STAFFING PLAN OVERVIEW

Outlined below is the preliminary security staffing plan for the HBCC facility. This plan will be modified as we develop the facility, but our commitment will be to attract and retain highly qualified U.S. veterans. HBCC will also conduct detailed and thorough training that will be reinforced by frequent security exercises and drills.

SECURITY PERSONNEL

All security personnel and employees hired by HBCC will go through specific training prior to assignment within this facility. All security personnel will be licensed in accordance with California law with respect to their specific designation and duties. HBCC will develop standard operating procedures (SOP's) for the following:

- ✓ Hiring and Proficiency Standards Training
- ✓ Identification Standards
- ✓ Employee Management & Oversight
- ✓ Background Screening
- ✓ Drug Testing
- ✓ Random Drug Testing

The staffing plan for all phases of our project will be evaluated and the appropriate levels of security staffing will be developed and instituted as follows:

Cultivation and Production Security Personnel

During all hours of operation, a minimum of one and possibly two security guards will be working at the facility. The security force supervisor will oversee all aspects of security and will be responsible for managing all security personnel on site. The security force officers will be assigned specific posts during their work day in an effort to maximize their effectiveness and the safety and security of the facility.

GENERAL PREVENTION MEASURES

- ✓ Continuously monitored, multiple point facility entry / exit.
- ✓ The main vehicle entry / exit will be equipped with a guard post and guard activated security gate.
- ✓ All vehicles entering and exiting the facility will be subject to inspection and search.
- ✓ Admittance by scheduled appointment only. An allotted visit time maximum will be enforced to limit the number of visitors on site at any time.
- ✓ All deliveries and shipments will be monitored by security personnel.
- ✓ Employees will be trained on proper procedures for opening and closing facilities.
- ✓ Employees will be trained on proper handling of access control devices.
- ✓ Transportation of cannabis will follow irregular delivery routes and times.
- ✓ Transportation may, in addition to travel manifest and RFID, be monitored by GPS, CCTV and computer.
- ✓ Employees will be trained in proper handling of cash if needed.
- ✓ CCTV systems will be designed to capture all individuals entering and exiting HBCC facilities from multiple angles to prevent shielding of identity with hats, hoods or other articles of clothing.

- ✓ All facilities will be well maintained both inside and out.
- ✓ All facilities will be effectively lit, both internally and externally.
- ✓ Utilization of the CPTED principles for our environmental design.
- ✓ Employees will be trained on anti-diversion techniques.
- ✓ Employees will be trained on how to identify suspicious persons or activity.
- ✓ Employees will be trained on how to respond to a variety of emergency situations from active shooter to general medical emergencies.

INCIDENT RESPONSE MEASURES

Employee training on the P&IRP is critical to properly respond to key incidents, including but not limited to:

- Robbery
- Burglary
- Intruders in HBCC Project
- Threats of violence in HBCC Project
- Assaults
- Weapons possession
- Civil
- Flood – natural or manmade
- Proper use of panic, burglar alarms
- Cyber security
- Proper response when law enforcement or first responders arrive at facility
- Incident reporting

COMMUNICATION WITH LAW ENFORCEMENT

HBCC, in conjunction with the Security Supervisor, will maintain a list of non-emergency police department contacts for all facilities. The Security Supervisor will maintain regular communication with each law enforcement contact, advising of any changes in security policies or procedures. HBCC, through its Security Team, will maintain strong partnerships with local, state and federal law enforcement agencies. The Security Supervisor shall engage these agencies to support the security mission through:

1. Proactive meetings
2. Observation patrols
3. Rapid response to incidents
4. Collaborative training and exercises

SECURITY AUDIT SCHEDULE

HBCC will perform audits to ensure compliance in accordance with the Compliance and Audit Plan. In addition, the HBCC Security Team will conduct testing randomly throughout all facilities. This testing will include attempts to enter facilities outside of the above-outlined procedures. HBCC security assets will remain constantly alert for any sign of employees who are willing to violate these procedures or for any flaws in HBCC security protocols that might allow unauthorized visitors into one of our facilities.

WASTE PRODUCTS/BYPRODUCTS DISPOSAL

Cannabis Cultivation & Manufacturing Waste Byproducts

HBCC understands that throughout the process of growing cannabis there is a certain amount of waste product that will be created. HBCC will comply with all local and state laws promulgated by the MCRSA and AUMA with regard to disposal of waste products. Until such rules and regulations are codified, all waste products will be logged in the management system. Even though it is believed that the majority of the waste product (plant root ball, extracted cannabis plant material and stems, etc.) produced has no THC or other cannabinoids of significance remaining, HBCC will treat all such byproducts with extreme care and diligence.

1. All waste plant material will be visually inspected and then rendered harmless by designated personnel before it is loaded into waste disposal containers. The employee will make a log entry regarding that inspection.
2. All waste containers will be maintained within the secure facility, and will be equipped with locks and tamper resistant seals until they are removed by an authorized waste disposal company.

SECURITY OPERATION CENTER (SURVEILLANCE)

The HBCC **Security Operations Center** ("SOC") will allow the Security Team to monitor all activities in and around the facilities in real-time. Security Operations Center rooms will remain locked at all times and will not be used for any other function. Access to the SOC will be controlled by the Security Supervisor and will be limited to authorized personnel only, as indicated below:

1. Security persons who are essential to surveillance operations
2. Law enforcement authorities acting within their lawful jurisdiction
3. Security system service personnel – A current list of all authorized providers will be maintained, and updated on a regular basis
4. The current list of authorized employees and service personnel who have access to the Security Operations Center must be maintained by the Security Supervisor and will be available to appropriate authorities upon request.

COMMAND & CONTROL CENTER

HBCC has designed our Security Operations Center to continuously monitor any activities relating to the cultivation and transport of certified marijuana. Our Security Operations Center will be staffed 24/7.

A sufficient number of security force officers based on the phasing of the project, will staff this location at all times, and will continuously monitor the security entrance gate and all HBCC and transport vehicles.

4) COMPLIANCE & ACCOUNTABILITY

"SEED TO SALE" MONITORING

Executive Summary

HBCC will implement and maintain a “Seed to Sale” cannabis tracking and cannabis compliance platform to facilitate the cultivation, manufacturing and dispensary point-of-sale process. HC anticipates utilizing the Agrisoft Seed to Sale Software. Agrisoft is a full featured third party ERP solution developed by Kind Financial and Microsoft for all track & trace regulatory requirements at both the municipal and state levels. This solution will give the City of Rio Dell (“City”) and HBCC the ability to monitor and track activity without full-time dedicated compliance staff, while maintaining compliance above and beyond industry standards. The monitoring ability of the Agrisoft platform will be able to send predetermined non-compliance or warnings for incidents that happen outside of the regulatory parameters. HBCC anticipates engaging Agrisoft to ensure a framework of compliance that will function on its own and also allow for monitoring by regulatory compliance heads of the State and the City of Rio Cell. The State of California compliance framework has selected to use Metrc, the Agrisoft platform will ensure that we will operate to meet the current guidance given by the United States Department of Justice for both medical and adult use sales of cannabis. Deployment of the Agrisoft system will provide a “closed loop” process and system that will ensure compliant participants at all points in the chain of custody for all HBCC operations as well all affiliated canna-businesses located elsewhere in the state of California.

Developed specifically for the cannabis industry, Agrisoft Seed to Sale provides the tools marijuana related businesses need for cannabis tracking and cannabis compliance with the most reliable and comprehensive software product available to the industry. Agrisoft Seed to Sale is the top seed to sale software for the cannabis industry creating 100 percent accountability and transparency for all levels of our organization and through to the government.

Agrisoft Seed to Sale At-A-Glance

- ✓ All operators running cannabis cultivation/processing/manufacturing/production facilities will submit to a background check and will be registered in the system.
- ✓ All destination dispensaries will be registered operators and have background checks done to include validation of their ability to operate within their jurisdiction.
- ✓ All cultivation will be RFID tagged at the individual plant level and all plants will be monitored and controlled from the early stages of growth to harvest.
- ✓ All production will be RFID tagged and barcoded and all packages will be logged out and into inventory.
- ✓ All transportation of product will be manifested and monitored from the origin to the destination.
- ✓ Instant notification, by email or text, of all significant events.
- ✓ Robust secure system data storage, providing reports of all cannabis products produced and where deliveries and sales are made.
- ✓ Biometric logins for staff
- ✓ All information about production within the closed loop available to City management and local law enforcement.

Infrastructure Reliability

- ✓ Business application processes provide 24 x 7 availability and security.
- ✓ Data is securely replicated on redundant servers and databases.
- ✓ Uninterrupted Power Supply (UPS) provides power during outages.
- ✓ Fire detection and suppression systems are employed in the data centers.
- ✓ Climate control systems maintain a constant hardware operating environment.
- ✓ Constant monitoring quickly identifies and responds to systems problems.

- ✓ Preventative maintenance maximizes performance and life of hardware systems.
- ✓ Proactive measures protect data from attacks.

Data Center Details

- ✓ Access to data centers is monitored and kept secure with surveillance systems, intrusion detection systems and professional security 24/7.
- ✓ Applications are protected from unnecessary access, allowing only appropriate services through the firewall.
- ✓ Data transmissions are encrypted with 256-bit Secure Socket Layer (SSL) Certification and follow the standards required by the PCI-DSS (Payment Card Industry Data Security Standard).
- ✓ Stringent password policies prevent unauthorized access to applications.

Guided Implementation

Inventory is allocated to respective warehouses or rooms in the system and Agrisoft can track product down to the aisle, row, shelf, bin, and individual inventory record. Data are also stored in Agrisoft regarding the purchase history of the inventory. At any time HBCC can view an inventory record, see if that inventory is a simple material, bulk, or finished good bill of material (BOM). HBCC is also able to see which vendor the product was purchased from. These data are recorded for all vendors within the product life cycle tracing the inventory back to the cultivator and the original plant the cultivator produced. In the case of a product return and recall, the HBCC can scan the product and find the product record or search for the product by product name and when it was sold or whom it was sold to. We can then identify all vendors who interacted with that product and all other inventory that is from the same batch as the product that is being recalled.

In addition to inventory data sets, Agrisoft provides data fields and attributes for tracking temperature, humidity, ventilation, water supply, lighting, equipment maintenance and other custom attributes we would like to track. These attributes can then be reported against to identify important production metrics that may affect the plant, batch or finished good. All inventory, purchasing, sales, vendor, customer/patient, inventory movement, production attributes and compliance data is stored in real time through HC's instance and related database. Agrisoft provides time stamped transaction logs and historical data that are never deleted for internal auditability. Data are also backed up to redundant server locations in separate cloud data warehouses in segmented geographical regions to ensure system uptime, security and data recovery. In addition to data transacted through Agrisoft and stored in the Agrisoft cloud environment, HBCC has the ability to download the data locally.

COMPLIANCE & TRACEABILITY

Agrisoft has an open API that connects to internal system data points. When inventory (Plants, Clones, Nutrients, Bulk Inventory, Simple Inventory, and Finished Goods etc.) is produced, moved, wasted, purchased or sold, Agrisoft utilizes those data points and automatically formats them into city/county/state specific reporting formats. Via API, Agrisoft can send all traceability event data directly to the city/county/state/country selected regulatory system. This can occur in real time or batched on a particular cycle (example: Daily). In addition to API communication with municipal compliance systems, Agrisoft is capable of providing data exports that the HBCC can upload to the City of Rio Dell compliance system. To ensure customer confidence and compliance, Agrisoft also provides proprietary physical inventory tools that can identify internal inventory discrepancies or differences between physical inventory and the data held within the city/county/state regulatory system.

5) EQUIPMENT MAINTENANCE

The Security Supervisor or authorized agent will schedule and oversee the required maintenance of all security equipment in accordance with manufacturer recommendations. Should any equipment be found defective, it will be corrected immediately.

ANNUAL SECURITY SYSTEM AUDIT REQUIRED

A security system audit by an approved independent vendor will be conducted on an annual basis. Should the audit identify issues related to the HBCC security system, steps will be taken to address those concerns within 10 business days of the findings.

REPORTING REQUIRED

All HBCC employees are required to immediately report any of the following incidents to the Security Supervisor:

1. Any alarm activation or other event that requires response by law enforcement or security personnel;
2. The failure of any security alarm system due to a loss of power or mechanical failure;
3. Inconsistencies identified during inventory or any diversion, theft, loss or criminal activity suspected at the cultivation and manufacturing facility;
4. Unapproved destruction of cultivated or manufactured cannabis, whether accidental or otherwise;
5. Any loss or improper alteration of records related to cannabis cultivation, manufacturing, transportation, or distribution including personnel records;
6. Any other breach of security, suspected or actual.

6) HBCC ACCESS CONTROL PLAN

All means of access control (keys, alarm codes, access control cards, etc.) in any HBCC facility will be strictly controlled and monitored to ensure that no unauthorized persons can access the facility. HBCC has established multiple layers of security to prevent any and all breaches, including closed circuit television, dual verification access control readers, alarm systems, vaults, etc. Employees will be issued access control credentials, limiting their admission to only the areas of the facility their job description requires and requiring to layers of verification.

FACILITY ACCESS - EMPLOYEES / VISITORS / VENDORS AND LIMITED ACCESS AREAS

HBCC has developed a comprehensive policy regarding all **Identification Badges and Visitor Policies**, which aim to prevent unauthorized access to any HBCC facility. The security measures outlined in this document will ensure an environment that effectively precludes unauthorized access to any HBCC cannabis cultivation facility. The policy clearly defines the employees, contractors, government representatives and visitors who will have authorized access to individual facilities as well as designated limited access areas.

The security measures outlined in this document have been put in place to protect all employees and facilities from potential harm, both physically and financially. HBCC has identified specific personnel who are authorized to distribute permanent and temporary identification badges, along with the stringent process they must adhere to

in doing so. Identification badges are assigned based on category of employees, vendors, contractors, and visitors. Identification badges are further restricted based on necessary areas of access, with different levels of access clearly defined for ease of identification by employees and security personnel. The policy clearly defines provisions for displaying identification badges and the handling of lost or stolen badges.

Only authorized visitors will be allowed access to the HBCC facility. All vendors, contractors, and visitors must obtain permission to enter a HBCC facility 24 hours prior to arrival and, upon arrival, will be issued an identification badge. Visitors will be escorted at all times by a designated HBCC employee.

EMPLOYEE, VENDOR, CONTRACTOR AND VISITOR IDENTIFICATION BADGES

Categories of badges for entry into a HBCC facility

1. Tenant and HBCC employee badges.
2. Temporary badges for vendors and contractors.
3. Visitor's badges.

IDENTIFICATION BADGE POLICY (GENERAL)

The purpose of HBCC Identification Badge policies and procedures is to enhance the security and safety of employees, vendors, contractors and facilities from potential harm, both physically and financially. Each employee, contractor and visitor is responsible for the safekeeping of his or her badge once it has been issued. HBCC security personnel will instruct and ensure compliance by all persons entering any HBCC facility on the proper handling, safeguarding and retention of their identification badges. Vendors, contractors and visitors will be instructed by security personnel that their ability to maintain a relationship with the HBCC facility is subject to forfeiture should they violate the identification badge policy and requirements.

IDENTIFICATION REQUIRED FOR ENTRY INTO ALL HBCC FACILITIES

For each vendor, visitor, and contractor that requires access to the facility, HBCC will collect and hold a form of identification (driver's license, official badge, etc.) in exchange for a temporary issued visitor's badge. The issued badge must be clearly displayed by the visitor at all times while on facility grounds. All visitors will be required to be escorted by the authorized sponsor and not be left unattended at any time. All visitor badges will be returned to the HBCC Entry Control Point ("ECP") before exiting the facility. A visitor request form, to be filled out by a HBCC sponsor, must be submitted to the SOC seven (7) days prior to the visit. Visit approval will be granted through established security protocol.

During all hours when the business is not operating the Security Supervisor will ensure that all entrances to and exits from a permitted premise are securely locked and any keys or key codes to the enclosed area remain in the possession of the permittee, permittee representative, or authorized personnel.

Access to secure areas will be given only to individuals where need can be demonstrated. The Chief Executive Officer ("CEO") and Security Supervisor have ultimate responsibility for issuing access. Issuance must be recorded by the issuing individual, including documentation of any facility keys, alarm codes, electronic access codes, passwords, or combination codes.

Keys and electronic access codes must be protected. They may not be loaned and should not be left unattended. All keys and access cards issued to employees should be retained in the possession of the employee to whom issued and may not be transferred directly from one employee to another.

Employees must report any lost keys or access cards to his or her supervisor immediately. The CEO along with the Security Supervisor will make a determination as to whether the system has been compromised and whether re-keying will be necessary. It is against Company policy to duplicate keys, share passwords, or share access codes.

Should the Company choose to utilize electrified access hardware, it will have a failsafe (keys) in case of a power outage, and the system will remain in a fail secure position in the event of a power outage.

ISSUING AUTHORITY

Employee, Vendor and Contractor Badges:

The HBCC Security Supervisor will issue all appropriate badges with access restrictions based on need.

Visitor Badges – Pre-approval & Emergency Access:

HBCC policy prohibits the entry of any visitor who has not received a pre-approval, except in the event of emergency.

An emergency circumstance would include a maintenance issue, such as broken plumbing or HVAC that would require immediate contractor action on site. In either case the Security Supervisor, or their designee, will issue a visitor badge. A designated Security escort will provide over watch for the duration of the emergency situation.

Visitors to the premises shall be logged in. No one under the age of 18 will be allowed on the premises. The visitor log shall include visitor name, DOB, government issued identification (e.g., driver's license), date of visit, duration of visit, purpose of visit, and name of person visiting.

HBCC IDENTIFICATION BADGE AND ACCESS PROCEDURES

All employees accessing HBCC will be held to the highest standard as it relates to the security and safekeeping of their identification badges.

All tenant employees will adhere to the following:

1. Upon arrival at the ECP at the HBCC facility, each employee will exchange a government issued ID for their HBCC facility badge.
2. Only authorized employees will be allowed access to the site. Aside from law enforcement and government officials, no one may enter a HBCC facility without prior written authorization from the Security Supervisor.
3. All employees must wear their issued identification card while on the HBCC facility.
4. The identification badge must be visible to others at all times while on the HBCC facility.
5. When entering any access-controlled area, employees must not allow entry of another person

(employee or otherwise) unless the individual displays a proper identification badge and has clearance to the controlled area.

6. Only HBCC authorized badge display devices (e.g., lanyards, lapel/pocket clips and armbands) are permitted.
7. Under special work conditions, the Security Supervisor may modify display practices. Although it is impossible to identify all the special work conditions that might require a modification to our badge display policy we have included one here. A flood condition (broken water main) that requires long hours working in a wet environment where the badge may be damaged due to over exposure.
8. Employees must never depart the HBCC facility with their HBCC badges to maintain an accurate account of employees that are on the facility for accountability in an emergency situation.
9. Employees must never loan their identification or access control devices to anyone, even an authorized employee.
10. Employees must never leave their access control devices unattended, unless secured.
11. Any employee who resigns or is terminated will immediately return his or her identification badge and any other access control devices.
12. All identification badges belonging to any employee who resigns or is terminated will be immediately deactivated and properly disposed of by HBCC security personnel at time of separation from service.
13. Non-compliance with these policies or any breach of HBCC security procedures must be reported immediately to the Security Supervisor or their designee.
14. Violation of this policy will lead to stringent disciplinary action, including termination.

TEMPORARY BADGE PROCEDURE FOR HBCC EMPLOYEES

When an employee has forgotten his/her identification. Their immediate supervisor will be contacted and required to respond to the ECP or their designated representative to sign the employee in who then will be issued a temporary identification badge.

LOST OR STOLEN BADGE PROCEDURE FOR HBCC EMPLOYEES

Any employee who loses his or her identification badge or has it stolen must immediately contact their employer and the onsite Security Supervisor. The lost identification card will be immediately deactivated and removed from the system by the HBCC Security Supervisor. The Security Supervisor will ensure an incident report is filed regarding each lost or stolen badge. A weekly report of any lost or stolen badge will be generated for review by the Security Supervisor.

HBCC VISITORS IDENTIFICATION BADGE PROCEDURES

A visitor is any individual who is conducting business in a HBCC facility other than an authorized employee. All visitors must be issued a visitor identification badge upon entry into any HBCC facility. These badges will be for identification purposes only and will not be programmed for access to any areas within HBCC. For purposes of this procedure, HBCC will adhere to separate protocols for two categories of visitors: (1) Authorized Visitors, and (2) Vendors and Contractors.

Vendors and Contractors

A vendor or contractor is a supplier, professional service representative or consultant who has business with HBCC. All vendors and contractors, who service facilities in the HBCC facility, either long term or on a one time basis, must be properly vetted by HBCC security and approved for entry in our facilities. Except in cases of emergency (e.g., broken utility, water pipe, electrical, HVAC system failure, etc.), neither a vendor nor contractor will be permitted access to any HBCC facility without prior approval. The Security Supervisor will allow a vendor or contractor access to a HBCC facility only after ensuring that prior tenant approval has been given or after documenting the emergency circumstances.

Visitor Sign In Procedure

1. Pre-approval is required for all visitors, except in emergency. Emergency circumstances are true emergencies and this exception shall not be used as a "catch-all" to allow unauthorized individuals into any HBCC site. Examples of real emergencies include, but are not limited to, a mechanical failure that could affect the cultivation facility such as an HVAC breakdown, flooding due to plumbing failure, fire, etc.
2. The HBCC ECP will approve entry by a visitor only after ensuring that proper approval was granted or after documenting the specific emergency circumstances.
3. Government identification (e.g., driver's license, agency ID card) is required for any visitor entry into a HBCC facility.
4. All visitors will be issued a visitor identification badge, along with the appropriate holder that is to be worn around their neck. Visitors must display their visitor identification badge at all times while in the facility.
5. All visitor badges will be for identity purposes only and will not be programmed for access to any area in any HBCC facility.
6. All visitors will be escorted by the appropriate tenant, designated agent or security agent and will never be left unattended at any time. Any visitor who requires appropriate access to a restricted access area must have specific permission to visit a particular area of the facility and be escorted at all times.
7. All visitor badges must be returned to HBCC security ECP before exiting the facility.
8. No temporary badges will be issued for more than one day.
9. Any employee who observes anyone on a HBCC facility without a proper identification badge has a duty to question the individual as to their purpose for being in the facility and to see the appropriate identification badge. Should anyone be found in a HBCC facility without the proper identification badge, employees are responsible for immediately notifying HBCC security force personnel.

Lost Visitor Badge

When a visitor reports losing his or her visitor badge, HBCC security will record the information in the visitor log. For each lost visitor badge, the Security Supervisor must file an incident report. A weekly report of any lost or stolen badge will be generated for review by the Security Director.

Visitor Log

HBCC will maintain an electronic visitor log for each visitor who enters any HBCC facility.

Storage of Identification Badges – Pre-Issuance.

Any and all forms of identification badges to be issued by HBCC must be secured in a locked safe until such time as they are issued. The safe will be located in the Security Operations Center. All unused badges will be accounted for on a daily basis. A record of this daily inspection will be kept in the daily security log.

7) VIDEO MANAGEMENT SYSTEM

A Video Management System (VMS) will be deployed throughout the HBCC facility. The actual configuration of VMS will be solely dependent on the planned layouts for the cultivation facilities. However, all VMS control equipment will be located at the Security Operations Center and include a server, recording servers, workstation, and system software, as required to meet the video system requirements. This provides for around the clock redundant recording.

At a minimum, the head end equipment will meet the following performance specifications:

1. All cameras at all locations will be recording 24 hours per day, 365 days per year.
2. All recorded camera images will be retained for a minimum of forty five (45) days rather than the City of Rio Dell required ten (10) days. Security Operations Center will also have storage available to segregate and store any recording that is part of an investigation for an indefinite time period.
3. All cameras will be recorded at a minimum of 15 frames per second (fps) using the latest technology in video compression. Although 30 fps is a high-quality standard, frame rates as low as 15 fps can still produce acceptable quality video images. However, our VMS Recording Plan will be designed to accommodate 30 frames per second or 'real-time' recording.
4. Redundant recording servers shall be employed to ensure image retention.
5. All recording that is part of an investigation will be able to be permanently archived both on the server and on recording media.
6. All VMS Systems deployed will have the ability to immediately produce a clear color still photo that is a minimum of 9600 dpi from any camera image from live or recorded images. As part of the VMS Plan, Photo Printers will be arranged in each location's VMS System Design to achieve this requirement.
7. All security video recordings will have an embedded date and time stamp. The date and time will be synchronized and set correctly and will not substantially obscure the picture.
8. All VMS Systems deployed will have the ability to remain operational during a power outage. Emergency power generation provisions will be made at to effect this requirement.
9. All video recordings produced by the VMS System will be capable of exporting still images in an industry standard image format (including .jpeg, .bmp, and .gif). Exported video will have the ability to be archived in a proprietary format and be digitally watermarked. A digital watermark is a digital signal or pattern inserted into a digital image's unaltered copy of the original image and ensures authentication of the video and guarantees that no alteration of the recorded image has taken place. Exported video shall also have the ability to be saved in an industry standard file format that can be played on a standard computer operating system. All video recordings will be erased from the respective VMS in the event that a facility is sold or disposed of.
10. In the instance of a pending criminal, civil or administrative investigation or legal proceeding for which a recording may contain relevant information, HBCC will retain an unaltered copy of the original recording until the investigation or proceeding is closed or the entity conducting the investigation or proceeding notifies the registered organization that it is not necessary to retain the recording.

In accordance with the HBCC **Security Video Cameras** ("SVC") plan, cameras will be positioned in strategic locations throughout the facility to monitor activity in all areas.

The video surveillance system will be designed with a failure notification system that provides an audible, text or visual notification of any system failure. The failure notification system will provide an alert to the facility within five minutes of the failure, either by telephone, email or text message.

All cameras will, at a minimum, be Internet Protocol (IP) High Definition resolution cameras producing forensic or evidentiary quality images. Megapixel cameras will be deployed in certain areas as necessary to produce forensic quality images. The SVC plan will use the latest camera technology in surveillance systems and components currently available. Camera technologies that will be taken into design consideration will include:

- ✓ High Definition (HD) and Megapixel Network Cameras have an important role to play in video surveillance applications. They can provide images that are more useful, with more image detail and with wider coverage than standard resolution cameras.
- ✓ Thermal Network Cameras outperform a visual camera in dark settings and are an effective element for detecting people and objects in 24/7 surveillance, from pitch dark areas to a sunlit parking lot and other challenging environmental conditions. Thermal network cameras create images based on the heat that radiates from any object, vehicle or person. A thermal camera is less sensitive to problems with light conditions, such as shadows, backlight, darkness and even camouflaged objects. These cameras deliver images that allow the SOC operator to detect and act on suspicious activity. However, as thermal cameras do not provide images that allow reliable identification, HBCC will complement probable thermal camera locations at the cultivation facility with High Definition (HD) and Megapixel Network Cameras and support each other in a surveillance installation.

VIDEO SURVEILLANCE EQUIPMENT

HBCC intends to install a video surveillance recording system that will be operational at all times. Surveillance system will include technology (cameras and software) that will allow for generating images capable of capturing facial detail in designated areas.

The system is equipped with a failure notification system that provides, within one hour, notification to the permittee or an authorized representative of any prolonged surveillance interruption or failure.

The system has sufficient battery backup to support itself the event of a power outage.

The system meets the following requirements:

- The video surveillance system is capable of recording all pre-determined surveillance areas in any lighting conditions.
- The video surveillance equipment and recordings are stored in a locked secure area that is accessible only to the permittee, permittee representatives, or authorized personnel, and the Chief Executive Officer.
- In all areas where cannabis may be present, all cameras shall have minimum resolution of 1280 x 720 PX and record at 10 fps (frames per second). Cameras will also be placed strategically throughout the facility to ensure facial recognition where necessary.

- System is equipped with software allowing local authorities to login in to cameras remotely in the event of a major incident.

CAMERA COVERAGE AND CAMERA PLACEMENT

Cameras will be placed to cover all areas where cannabis derived item is produced, processed, stored, weighed, packaged, labeled etc. including all points of entry to or exit from limited access areas and all points of entry to or exit from the permitted premises. Cameras will also be placed in rooms with exterior windows, exterior walls, roof hatches, or skylights and storage rooms, including those that may contain safes. Coverage will also include the security room in which the server and network infrastructure are located.

All cameras will be placed so that they capture clear and certain images of any individual and activity occurring within twenty (20) feet both inside and outside of all points of entry to and exit from the permitted premises; and anywhere within secure or limited access areas on the permitted premises.

Maintenance and Outages

HBCC will engage with a security provider to provide, install, maintain, and if required, monitor the video footage.

Should there be any equipment failure or system outage, the CEO and Security Supervisor shall be notified immediately, and they will be responsible for coordinating the repair or restoration of the system.

LOCATION AND MAINTENANCE OF MONITORING EQUIPMENT

All premises will have a surveillance area in an office that may be accessed only by the CEO, the Security Supervisor, or their licensed assignees as needed. Assignees include state or local law enforcement agencies, Commission employees, and authorized service personnel or contractors. Security Supervisor will keep an updated list of employees or contractors who have access to surveillance area, and will make it available the Chief Executive Officer upon request.

Entrance to the office shall be locked whenever the office is not in use, and accessible by a key or electronic keying system.

Recording equipment will be stored in the office, in a separate locked cabinet or in the vault. HBCC may also utilize a redundant offsite feed which will also meet any requirements issued by the City of Rio Dell. All recordings, including current and archival, will be easily accessed for viewing and easily reproduced.

The CEO will maintain a current list of all authorized employees and service personnel who have access to the surveillance system and room on the permitted premises.

The Security Supervisor will keep a surveillance equipment maintenance activity log on the permitted premises to record all service activity including the identity of any individual performing the service, the service date and time and the reason for service to the surveillance system. Security supervisor will also ensure that all equipment is inspected by an authorized security vendor at least once a year.

Security Supervisor will keep a detailed log and records of all maintenance, inspections, alterations and upgrades performed. Records will be kept for a minimum of 3 years.

If the permittee has been notified in writing by the CEO or its authorized agents, law enforcement or other federal, state or local government officials of a pending criminal or administrative investigation for which a recording may contain relevant information, the grower/processor shall retain an unaltered copy of the recording until the investigation or proceeding is closed or the entity conducting the investigation or proceeding notifies the grower/processor that it is not necessary to retain the recording.

In the event of a mechanical malfunction of the security or surveillance system that exceeds an eight-hour period, the Security Supervisor shall notify the CEO immediately and, with CEO's approval, provide alternative security measures that may include closure of the facility.

8) INTRUSION DETECTION SYSTEM (IDS)

FACILITY ALARM SYSTEMS

The permitted premises will engage the services of a security company (e.g., Jade Security) to install, maintain, and monitor an alarm system that is activated at all times that the business is closed. The system will detect unauthorized entrance at all entry or exit points.

INFORMATION MANAGEMENT

HBCC is responsible for the security of all cannabis and cannabis derived items on the permitted premises, including providing adequate safeguards against theft or diversion of marijuana items and records that are required to be kept.

Cybersecurity

HBCC recognizes the cyber threats that may impact the facility. The company will take precautions to ensure consumer privacy, protection of sensitive financial records, and minimize the potential of unauthorized access or intrusion.

As appropriate, the facility's network infrastructure will be encrypted and password protected.

Only authorized personnel who have been trained in secure records management procedures will have access to customer data. Users will have role-based authentication, and sharing of logins is prohibited. Software will require security measures such as password lockouts, login timeouts, use of strong passwords, periodic required password changes, and ability for administrators to disable users.

Records Retention

All electronic records will be stored both onsite in short-term storage, and off-site, in long term backup storage.

Onsite back-up records storage may include electronic media that is backed up on a daily basis on a secure server. The secure server will be physically located in a secure room on the premises. Offsite secure data storage will be managed by a third-party data storage provider. In general, onsite backup storage will include at least 45 days of historical data. Remote data storage will include all data records that are at least 45 days and older, and will be stored in perpetuity. Data older than 3 years may be purged from storage.

All archived required records not stored electronically will be stored in a locked storage area.

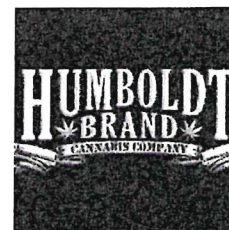
Current records may be kept in a locked cabinet or desk outside the locked storage area during hours when the permitted business is open.

Sensitive files may be password protected, or stored in a password protected file storage system. No Company files shall ever be stored in public internet spaces, including un-secured file storage sites. Emailing sensitive data files to anyone outside the Company is strictly prohibited without the permission of the CEO. Customer-specific transaction data and contact information, including email addresses, will not be shared with any third party without permission of the customer.



Humboldt Brand Cannabis Company

WASTE MANAGEMENT PLAN ADDENDUM



Date Prepared:

04/23/2018

ADDENDUM

TO THE WASTE MANAGEMENT PLAN

ALTERNATIVE DISPOSAL OF CANNABIS WASTE

In addition to the waste disposal in the Waste Management Plan, Humboldt Brand Cannabis Company (HBCC) has partnered with The Pauwels Company out of Eureka, CA for the collection of cannabis stems.

The Pauwel Company will gather cannabis stalks from HBCC's legal cannabis farms and take them to their processing plant for recycling. They will process the stalks through their patented process that turns the stalks into a grey mush (cannabis pulp). The pulp gets pressed and is turned into a multitude of paper and packaging products. This chemical-free process is more environmentally-friendly.

The cannabis stalks contain the strongest of fibers and all of The Pauwel Company's products are made with architectural integrity. They can make almost any type of paper or packaging product you can think of with their cannabis pulp.

The Pauwel Company has been in discussion with Recology out of Eureka to determine the best method to establish the collection of cannabis waste.

Recology Humboldt County provides residential recycling and garbage collection, commercial garbage collection and debris box rental services to residents in the city of Eureka, Unincorporated Eureka and outlying areas of Humboldt County.

All cannabis waste will be disposed according to the protocols in the Waste Management Plan.



Humboldt Brand Cannabis Company

WASTE MANAGEMENT PLAN



Date Prepared:

04/17/2018

Waste Management Introduction

Humboldt Brand Cannabis Company (HBCC) has developed waste disposal processes and procedures that will ensure compliance with storage and disposal requirements for all waste types, prevent waste from becoming a hazard to the facility or environment, and detect and prevent diversion of cannabis plant waste.

All waste types, including cannabis waste, will be securely stored, handled, recorded, transported, and disposed of in accordance with applicable local, state, and federal laws and regulations. The Applicant is committed to an approach that prevents the diversion of THC-containing materials from the site, protects the health and welfare of the community, mitigates the risk of water or air pollution, prevents the spread of disease and conserves natural resources.

HBCC will maintain accurate and comprehensive records that account for and reconcile all waste activity related to the disposal of marijuana and marijuana products. Any marijuana waste transferred to a producer, processor, wholesale licensee or research certificate holder will be recorded in a transaction entered into the Inventory Tracking System, in accordance with state and local regulations.

HBCC will consult with regulating authorities involved in waste disposal prior to the start of operations to ensure that proper procedures are being followed.

Roles and Responsibilities

Inventory Control Manager

The Inventory Control Manager (ICM), under the management of the Compliance Officer (CO), is responsible for implementing portions of the Waste Management Plan that cover materials that DO contain cannabis, including:

- Training employees in the proper procedures for handling and disposing of materials.
- The ICM or his/her designee is responsible for keeping a record of training for each training module related to inventory control and other components of cannabis waste for every employee, including the date training occurred, type of training, the signature of the employee upon completion of training, the signature of an authorized person who can verify completion of training, and the date retraining is due.
- Recording the change in disposition of all product waste at each point of control in the ICS.

Facilities Manager

The Facilities Manager, in cooperation with other managers who use chemicals, is responsible for implementing portions of the Waste Management Plan that cover materials that do NOT contain cannabis, including:

- Training employees in the proper procedures for handling and disposing of materials, including the Globally Harmonized System of Classification and Labeling of Chemicals (GHS) and the use of Safety Data Sheets (SDSs).
- The Facilities Manager or his/her designee is responsible for keeping a record of training for each training module related to non-cannabis waste management for every employee, including the date training occurred, type of training, the signature of the employee upon completion of training, the signature of an authorized person who can verify completion of training, and the date retraining is due.

Department Managers

Department managers (including the Facilities Manager in relation to chemicals used by facilities staff) are responsible for the following:

- Verifying the labeling of chemical substances in his/her work area.
- Auditing the work practices of their employees to verify that procedures and personal protective equipment (PPE) designed to prevent employee exposures to hazardous substances is being properly employed.
- Maintaining a current chemical inventory (and an SDS binder, if appropriate) for hazardous substances used and stored in areas under their supervision.
- Conducting periodic reviews for workplace hazards and developing corrective actions for hazards identified within the department.

Employee Involvement

Staff will be asked to review waste management procedures related to their specific tasks at least once per year and give recommendations for improvements.

Waste Classification

The Applicant will ensure all employees are trained to classify and address these waste types:

- Universal Waste
- Solid Cannabis Waste
- Liquid Cannabis Waste
- Non-Hazardous Waste
- Hazardous Waste

Universal Waste: Four potential hazardous wastes may be managed as universal waste: Lamps, batteries, mercury-containing devices, and recalled, cancelled, suspended, or unusable pesticides.

Cannabis Waste: Refers to any part of the cannabis plant that is unusable or unprocessable, as well as expired or contaminated plant material, diseased or infested cannabis plants, and harvested cannabis that does not meet the testing standards of the regulating authority. This term also applies to solid derivative products containing cannabis that are to be discarded for any reason.

Liquid Cannabis Waste: Refers to any material that is not solid which contains cannabis, including oils or water or other liquids remaining from procedures to clean or sterilize equipment, that will not continue through the process to become a sellable product.

Non-Hazardous Solid Waste: This includes garbage, rubbish, refuse, special waste, or other discarded material, including solid, liquid semisolid, or contained gaseous material resulting from industrial, commercial, agricultural or other operations.

Hazardous Waste: Solid wastes that, due to the quantity, concentration, or physical, chemical, or infectious characteristics, may cause an increased risk of serious illness or death, or may pose a substantial hazard to the environment if improperly transported, disposed of, or stored. Material is classified as hazardous waste if it falls into either of the following categories:

- Listed in 40 Code of Federal Regulations (CFR) 261 Subpart D as hazardous by the EPA.
- Characterized in 40 CFR 261 Subpart C as hazardous by exhibiting one of the four hazardous characteristics:
 1. Ignitability (Flammable)
 - Defined as having a flashpoint of less than 140°F or could catch fire under certain circumstances
 - Examples: solvents, mineral spirits, paint waste
 - Ignitable hazardous wastes are assigned the EPA hazardous waste code of D001
 2. Corrosivity
 - Is aqueous and has a pH that is very low (2 or less) or very high (12.5 or higher), or can corrode metal
 - Examples: acids or alkali cleaning baths, battery acid
 - Corrosive hazardous wastes are assigned the EPA hazardous waste code of D002

3. Reactivity

- Unstable, reacts violently, explodes, or produces toxic vapors under certain conditions
- Examples: cyanide waste, sulfide waste, peroxides
- Reactive hazardous wastes are assigned EPA hazardous waste code of D003

4. Toxicity

- Has specific toxic contaminants present in high enough concentrations to be harmful to humans or the environment.
- Toxic contaminants and their toxicity threshold levels are included in the federal hazardous waste regulations.
- Examples: wastes that contain heavy metals or certain chemicals (e.g., benzene, pesticides).
- Toxic hazardous wastes are assigned the EPA hazardous waste codes of D004 through D043, depending on the contaminant present.

Waste Storage and Disposal Compliance

In accordance with the policies and procedures outlined below, the HBCC will ensure that all waste types, including cannabis waste, will be securely stored, handled, recorded, transported, and disposed of in accordance with all applicable local, state, and federal laws and regulations.

- HBCC will strictly prohibit the placement, dumping, or disposal of trash, garbage, litter, or any other kind of waste on the property of another legal entity or any public place within or beyond the local community.
- Improper disposal of any type of waste by an employee is cause for termination, which will be clearly communicated during the training process of waste.

Universal Waste Management and Storage

Lamps/Bulbs

As a small quantity handler of universal waste, HBCC will manage lamps in a way that prevents the release of any universal waste to the environment. To do so in accordance with 40 CFR Part 273, HBCC will:

- Contain any lamp in containers or packages that are structurally sound, adequate to prevent breakage, and compatible with the contents of the lamps;
- Immediately clean up and place in a container any lamp that is broken and place into a container any lamp that shows evidence of breakage, leakage, or damage. Such containers

and packages will remain closed and cannot leak, spill, or have any damage that could cause leakage.

- Label or mark each lamp or a container or package in which lamps are contained with one of the following phrases: “Universal Waste—Lamp(s),” or “Waste Lamp(s),” or “Used Lamp(s)”;
- Label or mark each individual lamp with the date it became a waste; and
- Within a year of generation, transfer all universal waste lamps to a permitted destination facility that accepts lamps for disposal.

Pesticides

If pesticides must be used, good management practices (GMP) will be in place to ensure that the smallest amount of the least-hazardous pesticides are selected when possible. HBCC will only use pesticides approved by local and state authorities.

HBCC will establish a relationship with one or more vendors who properly dispose of universal waste, including lamps and pesticides.

Care should be taken to avoid creating pesticide waste. This is done by apportioning out the appropriate quantity of concentrate for each application and using all of it in a single application.

Sprayers, dosing and other pesticide storage containers, after use, will be triple-rinsed, with the rinse water being applied to plants in each case. This method allows for the safe and thorough cleaning of containers without creating new residue-containing vessels that would require extra processing or further disposal steps.

Solid Cannabis Waste Storage and Disposal

All cannabis waste generated from normal cultivation or processing activities, excess production, contamination, adulteration or expiration will be securely stored, rendered unusable, and disposed of in a manner that ensures that it cannot be reconstituted for any kind of use or benefit, as related to its psychoactive content, by an unauthorized individual or organization.

HBCC will act to prevent diversion, misuse, loss or contamination of its cannabis waste by implementing the following procedures:

Minimize Excess Production: HBCC will not produce or maintain quantities of cannabis in excess of what is needed for normal, efficient operation and to anticipate client needs.

Monitored, Quarantined Storage: Prior to disposal, cannabis waste will be securely stored in a locked compartment in an area under video surveillance and kept quarantined from all usable cannabis, in order to prevent contamination.

Make Waste Unusable: Prior to disposal, cannabis waste will be rendered unusable via the methods set forth in this Plan. All cannabis waste will be returned to the secure storage location immediately after being rendered unusable.

Odor Control: Cannabis waste will be stored and disposed of in a manner that minimizes the development of odors that could present a public nuisance.

Pest Management: Cannabis waste will be stored and disposed of in a manner that minimizes the potential for such waste to attract, harbor, or become a breeding place for pests or pathogens.

Avoid Contamination: Cannabis waste will be stored and disposed of in a manner that protects against contamination of cannabis, contact surfaces, production areas, water supplies, and grounds surrounding the facility.

Inventory Control: All cannabis waste disposal will be recorded in the Inventory Tracking System, including the date and time of disposal, the agent or manager responsible, the reason for disposal (i.e., the type of waste), the lot, batch, or plant identifier (if applicable), the manner of disposal, and the quantity.

When disposing of cannabis waste, HBCC will implement procedures to comply with the following requirements:

- HBCC will not sell cannabis waste.
- Cannabis waste will initially be stored in a secured waste receptacle or in a secured area on the licensed premises.
- Secure waste receptacles and secured areas will have physical access restricted to HBCC's employees and the local agency, local agency franchiser, or permitted private waste hauler.
- Public access to the designated receptacle or area will be physically restricted and prohibited.

- All composting of cannabis waste on the licensed premises will be done in compliance with state requirements, outlined below.
- No cannabis derivative products will be disposed of as cannabis waste unless the cannabis goods have been removed from their packaging and rendered unrecognizable and unusable.

Composting of Solid Cannabis Waste

1. All cannabis that is not usable will be disposed of within ten calendar days of expiration or removal from the regular inventory.
2. Mixing will be carried out by the authorized employee in a limited access area under video surveillance.
3. Cannabis waste will be securely stored in a limited access area prior to and after mixing.
4. Immediately prior to mixing, all cannabis waste will be weighed on a calibrated certified scale that is integrated with the ICS.
5. Cannabis waste will be ground up and incorporated with combustible solid waste or other organic materials, such as cardboard or used cooking oil, to a resulting mixture that is at least 50% non-cannabis waste by volume. At multiple points during the waste disposal process, the Inventory Manager will record key items in the electronic inventory tracking system, including:
 - Plant, batch, or lot identifier of the cannabis to be disposed
 - Quantity of cannabis waste added to waste container
 - Description of the cannabis waste being disposed of, including the number of failed or otherwise unusable cannabis plants or harvest batches
 - Weight of mixed waste when entered into storage
 - Weight of mixed waste when removed from storage
 - Waste container identification number, if applicable
 - Method of disposal
 - Date of disposal
 - Confirmation that the cannabis was rendered unusable before disposal
 - The name and signature or identification number of the ICM or his/her designee.

Liquid Cannabis Waste Management and Disposal

- Liquid cannabis waste will not be allowed to enter the local wastewater collection system, storm drain system, sewer system, or any unsecured rubbish disposal system.
- All liquid waste potentially containing cannabis solids or residues, nutrients, chemicals, or any other potential pollutant will be disposed of in an on-site storage tank that is compliant with applicable local and state regulations.
- The septic system will be properly maintained according to EPA recommendations.
- All restroom and production area drains will be connected to the septic system.
- Rinse waters from equipment and empty chemical containers will be minimized and never discharged into a public sewer system, ditches, streams, or the ground.
- Spills and leaks will be attended to promptly to ensure liquid waste does not become a source of contamination.
- Equipment that has been in contact with cannabis products will only be rinsed with water when necessary to reduce the introduction of cannabis products into any drainage system.
- Any rejected liquid product that contains cannabis, such as oils, beverages, etc., will be reprocessed into a solid cannabis waste, through means of absorption, evaporation, etc., such that it can be disposed of according to the procedures for solid cannabis waste above.

Cannabis Waste Transportation Procedure

HBCC or contracted waste management company will transport all cannabis or cannabis derivative product waste from the cultivation site to a solid waste facility or landfill in compliance with local and state regulations.

If HBCC uses a waste disposal vendor (local agency; local agency franchiser, or permitted private waste hauler) to collect and process its cannabis waste, HBCC will:

- Provide the state regulating agency with the name of the waste disposal vendor.
- Obtain documentation from the waste disposal vendor that indicates the date and time of each collection of cannabis waste at HBCC's premises.
- Obtain a copy of the certified weight ticket, or other documentation prepared by HBCC confirming receipt of the cannabis waste at one or more of the following solid waste facilities:
 - A manned fully permitted solid waste landfill or transformation facility
 - A manned fully permitted composting facility or manned composting operation

- A manned fully permitted in-vessel digestion facility or manned in-vessel digestion operation
- A manned fully permitted transfer/processing facility or manned transfer/processing Operation
- A manned fully permitted chip and grind operation

If HBCC is self-hauling cannabis waste to an approved solid waste facility, for each delivery of cannabis waste, HBCC will obtain a copy of a certified weight ticket or delivery receipt, from the solid waste facility.

Only HBCC's authorized employees will transport self-hauled cannabis waste.

Non-Hazardous Waste Management and Disposal

Non-Hazardous Solid Waste

- Solid waste will be placed into recycling bins or trash bags within trash containers inside the facility.
- Solid wastes, including recyclables, will be stored in a manner such that they do not constitute a fire, health, or safety hazard or provide a food source or harbor for pests.
- Solid food wastes will be securely stored in covered or closed containers which are nonabsorbent, leak-proof, durable, easily cleanable, and designed for safe handling.
- During facility closing procedures, trash bags will be securely closed, and the recycling and trash bags will be transferred to secure outside waste for pick up.
- HBCC will ensure that solid wastes are collected at least once per week.
- HBCC will use a solid waste disposal vendor approved by state and/or local authorities and use the containers provided by the vendor.
- If recyclable material is not handled by the waste disposal vendor, arrangements will be made to have it transported to or picked up by a commercial recycler.

Non-Hazardous Liquid Waste

- Non-chemical, non-hazardous water soluble liquids between 6.0-8.5 pH can be discarded into the municipal drainage system.
- Non-chemical, non-hazardous water soluble liquid waste outside the acceptable pH ranges will be altered in pH accordingly before discard.
- Non-THC containing oils will be placed in storage containers until they can be transferred to a waste facility for processing and safe disposal.

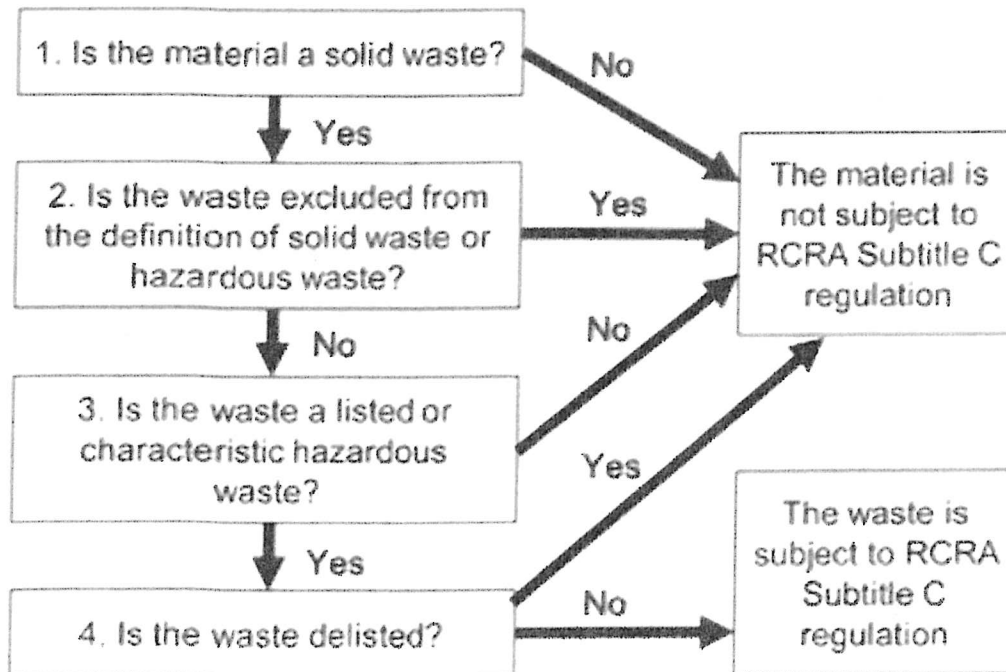
- Alcohol and other liquid solvents will be safely stored in glass or other non-corrosive containers and removed in accordance with local waste management guidelines.
- HBCC will ensure that liquid wastes are collected at a regular designated interval.
- HBCC will use a liquid waste disposal vendor approved by state and/or local authorities and use the containers provided by the vendor.
- If recyclable material is not handled by the waste disposal vendor, arrangements will be made to have it transported to or picked up by a commercial recycler.

Hazardous Waste Management and Disposal

Steps for Determination of Hazardous Waste

In accordance with the requirements of the EPA, HBCC will evaluate all wastes generated to determine if they are hazardous and need to be managed according to the Resource Conservation and Recovery Act (RCRA), following this step-by-step process recommended by the EPA:

The Hazardous Waste Identification Process



General Hazardous Waste Management

HBCC's standard operating procedures are designed to prevent the need to use hazardous materials, but hazardous waste storage, management, and disposal procedures will be implemented as a safety measure.

Non-hazardous options will be utilized whenever possible.

Using information from SDSs and the regulations listed above, the Facilities Manager, in cooperation with managers whose departments utilize the chemicals, will determine which materials are hazardous and follow all labeling, storage, and disposal recommendations.

In addition to copies of SDSs located in the areas where the chemicals are used, copies will be filed in a main office in case access to the information is prevented due to a spill.

Hazardous Waste Storage

- Hazardous waste will be stored by hazard groups and chemical compatibility and storage quantity must not exceed the limits allowed by local fire codes.
- Hazardous waste will be stored in an area that is separate from any area used for the production or storage of cannabis or derivative products.
- Incompatible wastes (as determined by SDS information) will be stored in separate containers and separate storage areas.
- Lids will remain closed when not actively adding or removing waste from the container.
- Containers will be kept in good condition (e.g. free of dents, free of corrosion, no leaking, no bulging, etc.).
- If a container begins to leak or show damage, the waste will be carefully transferred to another container. The employee transferring the waste must wear PPE relevant to the hazardous characteristics of the waste inside.
- Waste containers will be numbered and stored in a climate-controlled area, and will be labelled with the words "Flammable", "Toxic", "Corrosive" or "Reactive" and the word "Waste," along with a description of the contents, and EPA waste codes.
- A Chemical Waste Log will be filled out and forwarded to the Facilities Manager for each waste container.
- If a waste container is to be reused or discarded, it will be triple-rinsed. Rinse water will be tested to ensure that none is discarded into the water system unless it meets regulations for direct disposal.
- Container storage areas will be inspected weekly. At a minimum, the inspection will cover leaks or staining from containers, general container condition, labeling, and management practices.

Hazardous Waste Safety

- Employees shall remain vigilant to unsafe practices and conditions in the facility and shall immediately report such practices and/or conditions to the manager.
- The manager must correct unsafe practices and or conditions promptly, or halt the operation until these can be corrected.
- Employees will refrain from horseplay, practical jokes, or other behavior that might confuse, startle, or distract another employee or cause an accident.
- Employees will review the SDS before working with the waste of any unfamiliar substance.
- Employees will know the location of all laboratory safety equipment (such as eye protection, eyewashes, fire extinguishers, spill supplies, etc.) and keep access to emergency exits, corridors, safety, or fire protection equipment clear.
- Employees will be trained to avoid eating, drinking, and smoking, applying cosmetics or chewing gum in areas where waste is stored and to wash hands and arms thoroughly after working with chemical materials.
- Personal protective equipment will be inspected prior to use and worn as needed to avoid exposure. This includes eye protection, lab coat, gloves, and appropriate foot protection (no sandals). Gloves should be made of a material known to be resistant to permeation by the chemical in use.
- Employees will avoid working alone when working with hazardous waste and will not leave containers open and unattended.

Hazardous Waste Disposal

- Hazardous waste will remain on-site for no more than 90 days before collection and transport for proper disposal.
- The SDS will be consulted to determine best practices for the disposal of each waste.
- HBCC will ensure that all hazardous waste generated at the facility will be transported and disposed of in accordance with local, state, and federal regulations. HBCC will make special handling, storage, transfer, and disposal arrangements for hazardous materials that comply with federal and state laws and regulations.
- When hazardous waste is sent to an off-site disposal facility, the Facilities Manager will document delivery through electronic transportation manifests, which will be retained for a minimum of five (5) years. These records will include the name and address of the Applicant the permitted hazardous waste transporter if a third party is used, and the disposal facility, as well as the type and amount of hazardous waste delivered, and the date of shipment.

Emergency Response Protocols

The discharge, release, or misuse of a hazardous material may pose a significant threat to public health and safety. HBCC will adhere to a Hazardous Materials Response Plan in the event of a spill, release, or accident involving hazardous material, including containment and disposal of the hazardous material, cleansing and decontamination of the area affected by the spill or accident, and investigation of the occurrence. Waste management regulating authorities will be contacted to produce a response plan that meets all local and state requirements.

Emergency and incident management procedures, containment and corrective measures will be detailed in the Security and Employee Safety Plans. The Compliance Officer will be responsible for ensuring appropriate response protocols are followed.

HBCC will immediately notify appropriate local and state authorities, as well as law enforcement as applicable, after the discovery of a reportable incident. All incident activities will be documented, and records will be maintained for no less than one year and made available, upon request, to state and local authorities, and to law enforcement authorities acting within their lawful jurisdiction.

Record Keeping

Records related to waste management will be forwarded to the Record Keeping Manager and will be maintained according to the Record Keeping Plan and records retention policy.

Appendices - Logs

Chemical Waste Log

Fill out a separate form for each container. Forward completed forms to the Facilities Manager.

Submitter Information

Date: _____

Page ____ of ____

Name: _____

Waste Information

Container Number: _____

Container Type: ☐ Glass ☐ Poly ☐ Metal ☐ Fiber ☐ Other: _____

pH Level (Use 6-8 for solids): ☐ 0-2 ☐ 3-5 ☐ 6-8 ☐ 9-12.5 ☐ 12.5-14

Room Number or other Location Designation: _____

Chemical Constituents: Fully describe the contents of the container. List all chemicals, including water, present in the concentration > 0.1%. If more space is needed for additional constituents, use a second form and indicate there are additional pages.

Full Chemical Name (Do not use abbreviations, formulas or brand names) Include concentrations (% , M or ppm)	Quantity

Waste Accumulation Area Inspection Log

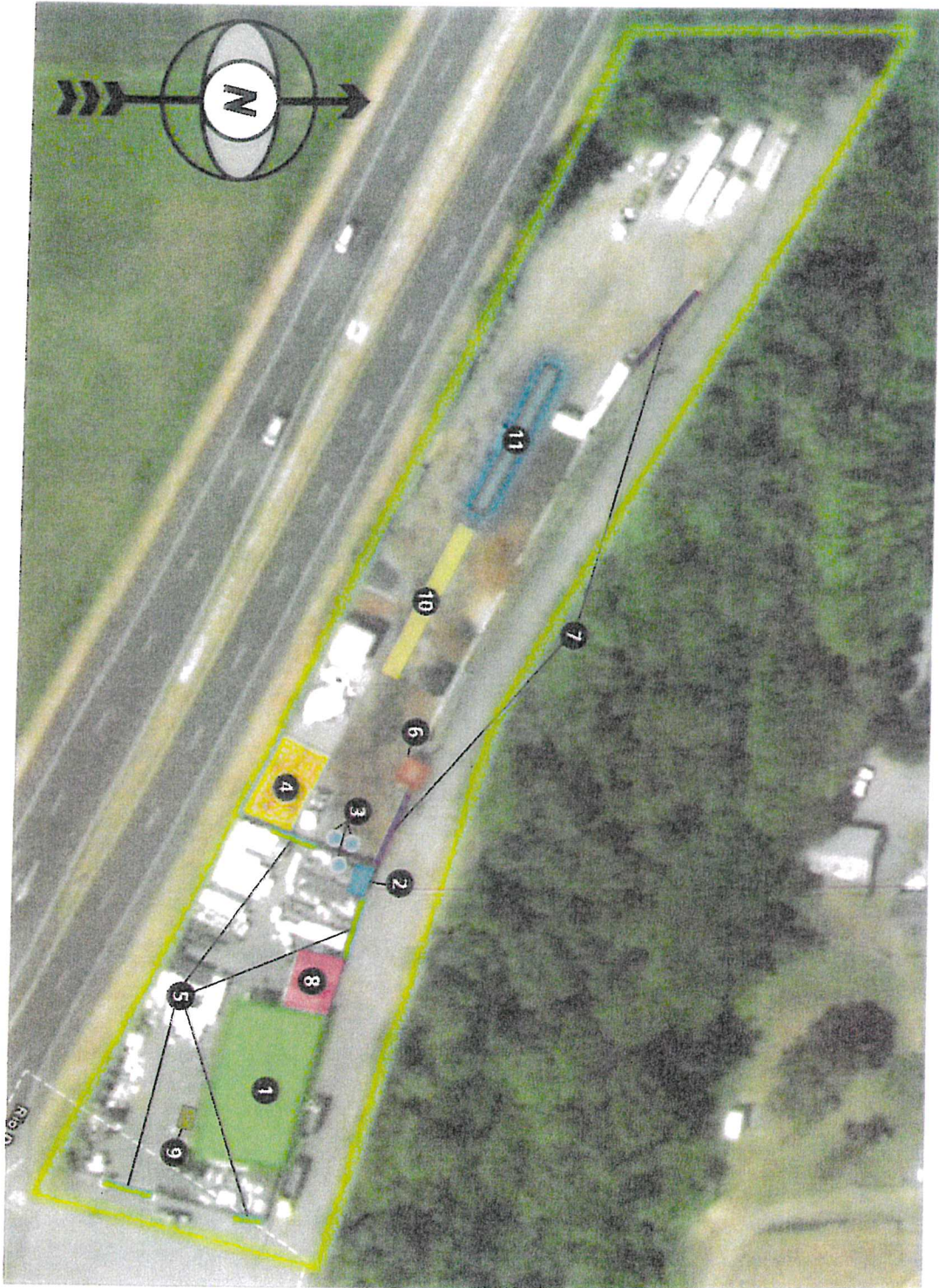
One log will be located at each waste accumulation area and a trained employee will be assigned to complete it on weekly basis.

Room Number or Location Designation: _____

Condition: Enter check mark if conditions acceptable. Fill out column 3 if problems exist.

Date	Condition	Describe each problem and steps taken to correct. Use as many lines as necessary.	Inspector Initials

Directions: Inspect for container condition, complete and proper labeling, that accumulation quantity or time limits have not been exceeded, materials are in secondary containment and are not leaking, incompatible wastes are segregated, containers are closed (except to add or remove waste). Note any discrepancies and corrective actions taken. Be sure to initial and date each entry.



120 Northwestern Ave, Rio Dell
 APN - 205-111-022-000
 Permit #1657
 Case #AAD0-194

- 1 Distribution Center: Intake, Processing, Manufacturing, EXISTING
- 2 Utility Pump House, EXISTING
- 3 Water Tank Storage:
2 - 3000 gallon tanks
1 - 2500 gallon tank EXISTING
- 4 Storage Containers:
2 - 8.5' x 0.5' x 20' EXISTING
- 5 Access Gates to primary operations EXISTING
- 6 Utility Shed EXISTING
- 7 Access Gates to secondary operations EXISTING
- 8 2 - C101 Units - Manufacturing PROPOSED
- 9 1200 gallon Septic Tank EXISTING
- 10 Leachfield EXISTING
- 11 Reserve EXISTING

HUMBOLDT
H*BRAND*

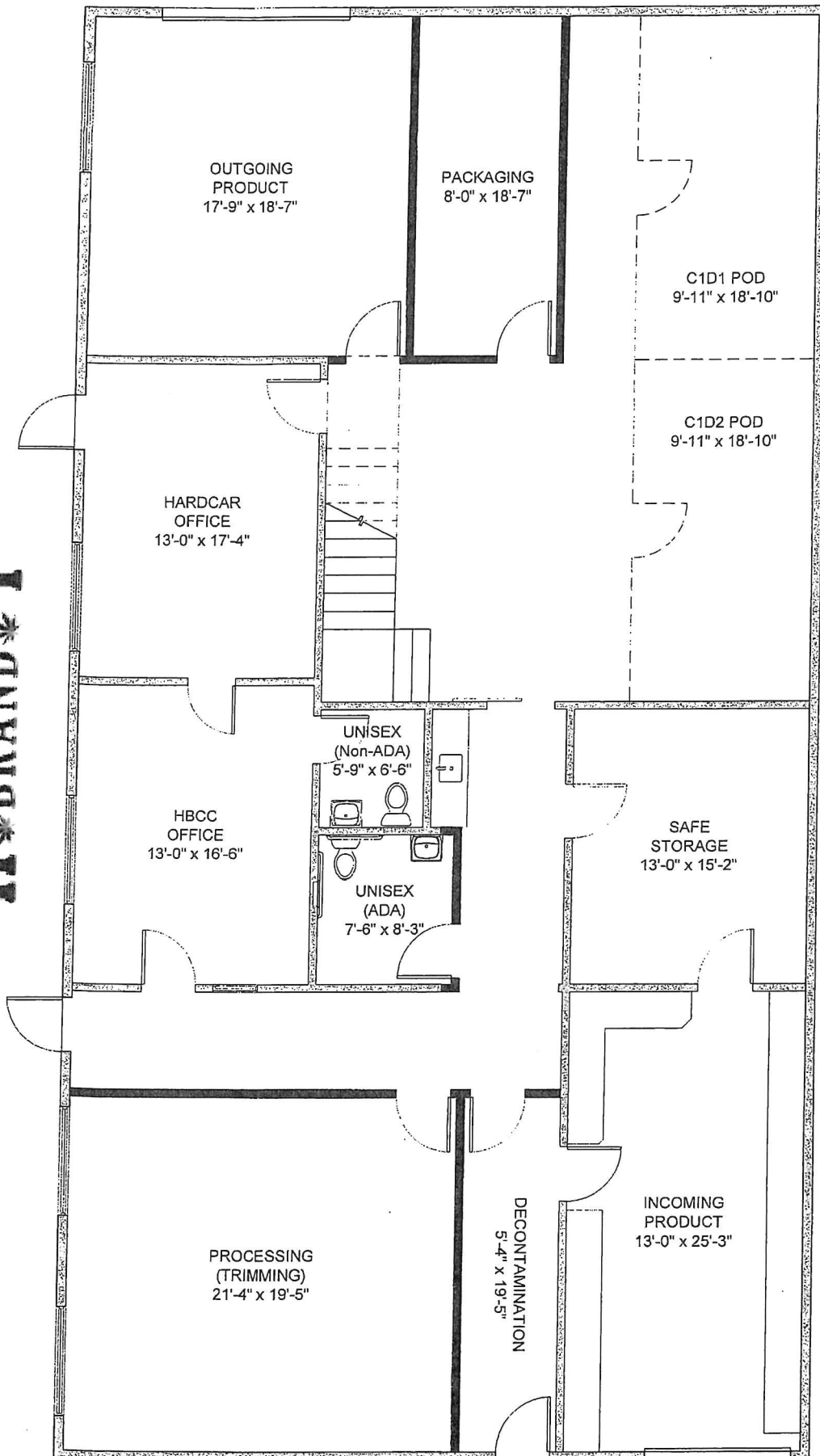


EXHIBIT A

Conditions of Approval Humboldt Brand Conditional Use Permit File No. 205-111-022; Case No. CUP-CCLUO-18-04

Conditions of Approval

1. Verification from the Fortuna Fire Protection District indicating their conditions of approval have been satisfied and they have no objection to the occupancy of the building and the commencing of activities. This may require the installation of sprinklers and a fire hydrant.
2. Security cameras shall be placed to monitor the site and the interiors of the building. The applicant shall submit a site plan and floor plan identifying the locations of the security cameras. In addition, the following measures shall be implemented and maintained.
 - Security cameras shall be installed and maintained in good condition, and used in an on-going manner with at least 720 concurrent hours of digitally recorded documentation in a format approved by the Planning Commission. The cameras shall be in use 24 hours per day, 7 days per week. The areas to be covered by the security cameras shall include, but are not limited to, the public areas, processing areas, storage areas, employee areas, all doors and windows, and any other areas as determined to be necessary by the Planning Commission.
 - The facility shall be alarmed with an audible interior and/or exterior silent alarm system that is operated and monitored by a recognized security company, deemed acceptable by the Planning Commission. Any change in the security company shall be subject to the approval of the City Manager or his designee. All current contact information regarding the cannabis facility's security company shall be provided to the City Manager or designee.
3. State of California Security Regulations, §40200 of the California Code of Regulations (CCR). Every applicant and licensee shall develop and implement a security plan. At minimum, the security plan shall include a description of the security measures to be taken to:
 - Prevent access to the premises by unauthorized personnel and protect the physical safety of employees. This includes, but is not limited to:
 - Establishing physical barriers to secure perimeter access and all points of entry into a manufacturing premises (such as locking primary entrances with commercial-grade,

non-residential door locks, or providing fencing around the grounds, driveway, and any secondary entrances including windows, roofs, or ventilation systems);

- Installing a security alarm system to notify and record incident(s) where physical barriers have been breached;
- Establishing an identification and sign-in/sign-out procedure for authorized personnel, suppliers, and/or visitors;
- Maintaining the premises such that visibility and security monitoring of the premises is possible; and
- Establishing procedures for the investigation of suspicious activities.
- Prevent against theft or loss of cannabis and cannabis products. This includes but is not limited to:
- Establishing an inventory system to track cannabis material and the personnel responsible for processing it throughout the manufacturing process;
- Limiting access of personnel within the premises to those areas necessary to complete job duties, and to those time-frames specifically scheduled for completion of job duties;
- Supervising tasks or processes with high potential for diversion (including the loading and unloading of cannabis transportation vehicles); and
- Providing designated areas in which personnel may store and access personal items.
- Secure and back up electronic records in a manner that prevents unauthorized access and that the integrity of the records is maintained.

4. A seven (7) foot black wrought iron or steel security fence shall be placed around the perimeter of the parcel.

5. The back side of the building shall be fortified to the satisfaction of the Community Development Director and Police Chief.

6. The applicant shall enroll in the County Hazardous Waste program. Hazardous materials and wastes from agricultural businesses are regulated by the Humboldt County Environmental Health Division, which administers the Hazardous Materials program as one of the Certified Unified Program Agencies (CUPA). This includes the application, inspection, enforcement, and reporting under the program requirements and standards set by the California Environmental Protection Agency (CalEPA). The applicant shall provide evidence of enrollment.

7. All disposal of cannabis waste is subject to Section 40290 of the California Code of Regulations (CCR). Section 40290(e) of the CCR's requires that the cannabis waste be rendered to make it unusable and unrecognizable before removing the waste from the premises. This requires that the cannabis waste be grinded and incorporated with other ground material so that the resulting mixture is at least 50% non-cannabis material by volume. All hazardous waste as defined in Section 40141 of the Public Resources Code (PRC) must be managed with all applicable hazardous waste statutes and regulations.
8. The applicant shall participate in the City's Track and Trace program administered by CalOrigin and when available the State's Track and Trace program.
9. The applicant shall submit evidence that the State has issued license(s) for the nursery, manufacturing, processing and distribution activities.
10. Entrance to the extraction areas and any cannabis or cannabis products storage areas shall be locked at all times, and under the control of facility staff.
11. Cannabis, including cannabis products shall be stored in buildings that are completely enclosed, and in a locked vault or safe, or other secured storage structure which is bolted to the floor or structure of the premises.
12. Any windows and roof hatches of the temporary units that store cannabis or cannabis products shall be secured from the inside with effective means so as to prevent unauthorized entry, and shall be equipped with latches or a similar mechanism that may be released quickly from the inside to allow exit in the event of emergency in compliance with all applicable building provisions in the Code.
13. If using CO₂ in processing, a professional grade closed-loop CO₂ gas extraction system rated to a minimum of fifteen thousand (15,000) pounds per square inch (PSI) is required for every vessel in the system.
14. Extraction processes shall use a commercially manufactured professional grade closed-loop extraction system designed to recover the solvents and built to codes of recognized and generally accepted sound engineering practices, such as (i) The American Society of Mechanical Engineers (ASME); (ii) American National Standards Institute (ANSI); (iii) Underwriters Laboratories (UL); or (iv) The American Society for Testing and Materials (ASTM).
15. Volatile extraction operations shall occur in a C1D1 spark-proof, explosion-proof room equipped with evacuation fans and lower explosive limit (LEL) detectors.
16. Carbon filter fans or equivalent superior filters/scrubbers shall be required to eliminate odor discharges to neighboring properties.

17. Records Retention. The term record includes: all records, applications, licenses, reports or other supporting documents required by the City and the State. The following information shall be kept on-site be readily available

(a) Each permittee shall keep and maintain the records listed in subsection (e) for at least 7 years from the date the document was created.

(b) Records shall be kept in a manner that allows the records to be immediately produced for the City at the permitted premises.

(c) All records related to commercial cannabis activity are subject to inspection by the City.

(d) A permittee may contract with a third party to provide custodial or management services of the records. Such a contract shall not relieve the licensee of its responsibilities under this condition.

(e) Each permittee shall maintain all of the following records on the licensed premises or at a different location identified by the licensee and approved by the City, including but not limited to:

- City and State issued permits and license(s);
- Plan of Operations;
- All records evidencing compliance with the environmental protection measures required in Sections 8313, 8314, and 8315 of the California Code of Regulations;
- Any supporting documentation for data or information input into the track-and-trace system;
- Financial records, including but not limited to, bank statements, tax records, invoices, and sales receipts;
- Personnel records, including each employee's full name, social security, or individual tax payer identification number, date of beginning employment, and date of termination of employment if applicable;
- Training records, including but not limited to the content of the training provided and the names of the employees that received the training;

- Contracts with other state licensed medical cannabis businesses;
- Permits, licenses, and other local authorizations to conduct the licensee's commercial cannabis activity;
- Security records; and
- Records associated with the composting or disposal of waste.

(f) All required records shall be prepared and retained in accordance with the following conditions:

- Records shall be legible; and
- Records shall be stored in a secured area where the records are protected from debris, moisture, contamination, hazardous waste, fire and theft.

18. A package used to contain a cannabis product shall adhere to the following requirements:

- The package shall protect the product from contamination and shall not expose the product to any toxic or harmful substance;
- The package shall be tamper-evident, which means that the product is packaged in a container within which a product is sealed so that the contents cannot be opened without obvious destruction of the seal; and
- The package shall not imitate any package used for products typically marketed to children.

19. The following labeling requirements shall be implemented as required by the State of California:

- Any information required to be listed on a label shall be written in English;
- Label and all required label information shall be unobstructed and conspicuous;
- The label shall be in a text size no less than 6 point font and be in relation to the size of the container; and

20. All labels shall include the following information or information required by the State of California at the time the products are produced.

- The applicable requirements of Section 19347 of Business and Professions Code;
- The net weight of the contents in the package; and
- The unique identifier assigned by the track-and-trace system as required by Section 8402 of the California Code of Regulations (CCR).

21. Community Relations: Each cannabis facility shall provide the City Manager or designee with the name, phone number, facsimile number, and email address of an on-site community relations or staff person or other representative to whom the City can provide notice if there are operating problems associated with the medical cannabis facility or refer members of the public who may have any concerns or complaints regarding the operation of the medical cannabis facility. Each medical cannabis facility shall also provide the above information to its business neighbors located within 300 feet of the medical cannabis facility.

22. Inspections: Consent to on-site compliance inspections, to be conducted by appropriate City officials during regular business hours (Monday – Friday, 9:00 am – 5:00 pm, excluding holidays).

23. All waste and recycling facilities shall be secured and screened to the satisfaction of the Community Development Director.

24. Comply with all federal, state, and local laws and regulations applicable to California Agricultural Employers, including those governing cultivation and processing activities.

25. Highway 101, Metropolitan Heights and Northwestern Intersection Improvements: Any required improvement costs to the Highway 101 and Metropolitan Heights and Northwestern Intersections will be shared among the developers based on the number of daily trips generated by their uses.

26. The applicant shall execute the Release of Liability and Hold Harmless Agreement required by Section 17.30.195(4) of the Rio Dell Municipal Code (RDMC).

27. An emergency power source (generator) shall be provided to supply power to the manufacturing area at a minimum.

28. The operations shall comply with all local and State regulations at all times.

29. Any proposed signage shall comply with the City Sign Regulations in effect at the time.

30. The applicant shall install fire hydrants in a location acceptable to the Fortuna Fire Protection District.

Operational Conditions

1. All outdoor storage materials and equipment shall be screened from public view.
2. The building, parking lot, stripping and landscaping shall be maintained in good condition. The stripping shall be permanently maintained in a clear and visible manner.
3. The storm drain system, including any detention/retention basin shall be maintained to ensure it works properly.
4. Any exterior light fixture shall be directed downward and away from adjoining properties and public rights-of-way and so that no on-site light fixture directly illuminates adjacent properties.

Informational Notes

1. If potential archaeological resources, paleontological resources or human remains are unearthed during grading activities, all work ground disturbing activities shall be stopped and a qualified archaeologist funded by the applicant and approved by the City of Rio Dell and the Bear River Band of the Wiyot Nation, shall be contracted to evaluate the find, determine its significance, and identify any required mitigation (e.g., data recovery, resource recovery, in-situ preservation/capping, etc.). Any such mitigation shall be implemented by the developer prior to resumption of any ground disturbing activities.
2. In accordance with California Health and Safety Code §7050.5 and California Public Resources Code §5097.94 and 5097.98, if human remains are uncovered during project subsurface construction activities, all work shall be suspended immediately and the City of Rio Dell, Humboldt County Coroner and the Bear River Band of the Wiyot Nation shall be immediately notified. If the remains are determined by the Coroner to be Native American in origin, the Native American Heritage Commission (NAHC) shall be notified within 24 hours of the determination, and the guidelines of the NAHC shall be adhered to in the treatment and disposition of the remains.

RESOLUTION NO. PC 128-2018



**RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF RIO DELL
APPROVING THE HUMBOLDT BRAND
CANNABIS ACTIVITY CONDITIONAL USE PERMIT.**

WHEREAS the Humboldt Brand has made application for a Conditional Use Permit for cannabis related activities at the former Moore Fuel parcel; and

WHEREAS the Humboldt Brand is partnering with HARDCAR. HARDCAR will be providing security, transportation and some distribution services; and

WHEREAS Section 17.30.195 the City's Commercial Cannabis Land Use Ordinance (CCLUO), allows commercial cannabis activities at the former Eel River Sawmill site, now known as the Humboldt Rio Dell Business Park with a Conditional Use Permit (CUP); and

WHEREAS the Conditional Use Permit (CUP) application is for Volatile and Non-Volatile Manufacturing, Infusion Manufacturing activities, Nursery/Propagation activities, Processing/Packaging, Distribution in an existing 3,200 sq. ft. building; and

WHEREAS the purpose of the Industrial Commercial zone is to provide for industrial and commercial uses; and

WHEREAS based on the information submitted and recommended conditions of approval, staff recommends that the proposed uses be found to be consistent with the development standards of the Industrial Commercial (IC) zone and the Commercial Cannabis Land Use Ordinance, Section 17.30.195 and the Use Permit requirements of Section 17.35.030 of the Rio Dell Municipal Code; and

NOW, THEREFORE, BE IT RESOLVED that the Planning Commission of the City of Rio Dell finds that *as conditioned*:

WHEREAS the proposed use is consistent with the general plan and any applicable specific plan; and

WHEREAS The design, location, size, and operating characteristics of the proposed activity are compatible with the existing and future land uses in the vicinity; and

WHEREAS the site is physically suitable for the type, density and intensity of use being proposed, including access, utilities, and the absence of physical constraints

WHEREAS granting the permit would not be detrimental to the public interest, health, safety, convenience, or welfare, or materially injurious to persons, property, or improvements in the vicinity and zoning district in which the property is located; and

WHEREAS the proposed project has been processed in accordance with the applicable provisions of the California Government Code and the California Environmental Quality Act (CEQA).

I HEREBY CERTIFY that the forgoing Resolution was PASSED and ADOPTED at a regular meeting of the Planning Commission of the City of Rio Dell on June 26, 2018 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Nick Angeloff, Chair

ATTEST:

I, Karen Dunham, City Clerk for the City of Rio Dell, State of California, hereby certify the above and foregoing to be a full, true and correct copy of Resolution No. PC 128-2018 adopted by the Planning Commission of the City of Rio Dell on June 26, 2018.

Karen Dunham, City Clerk, City of Rio Dell